



September 05, 2022

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400001

Ref: H.P. Cotton Textile Mills Limited (Scrip Code: 502873)

Sub: Revised Annual Report - Regulation 34 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015

Dear Sir,

With reference to our intimation dated September 03, 2022 w.r.t Annual Report for the FY 2021-22, we wish to submit the revised Annual report for the FY 2021-22 due to some typographical error on Page No. 20 of the Annual Report.

Therefore, please find attached herewith revised Annual Report for the Financial Year 2021-22 along with the notice of Annual General Meeting, pursuant to Regulation 34 of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015.

The Revised Annual Report for the financial year 2021-22 is uploaded on the website of the company at www.hpthreads.com.

You are requested to kindly take the same on your record.

Yours Faithfully,

For **H.P. Cotton Textile Mills Limited**

Shubham Jain

Company Secretary and Compliance Officer

Encl: As above



Corporate Office:

F-0, The Mira Corporate Suites,
1 & 2, Old Ishwar Nagar, Mathura Road,
New Delhi - 110065, India

www.hpthreads.com

T: +91 11 26927387, 49073415
+91 11 41540471/72/73

F: +91 11 49073410
E: info@hpthreads.com

Regd. Office & Works:

15 K.M. Stone, Delhi Road,
V.P.O Mayar, Hisar - 125 044,
Haryana, India

CIN NO. U17299HR2022PLC104655





Harnessing Energy from Variables
Creating Constant Value

Contents

Corporate Overview

- 01 About Us
- 02 Harnessing Energy from Variables
Creating Constant Value
- 04 Creating Constant Value with our
unique offerings
- 06 Creating Constant Value with Integrated
Manufacturing & Quality Excellence
- 08 Creating Constant Value Globally
- 09 Creating Constant Value by
Harnessing New Opportunities
- 10 Creating Constant Value through
Sustainable Practices
- 12 Message from the Chairman and
Managing Director
- 14 Message from the Executive Director,
Chief Executive Officer and
Chief Financial Officer
- 16 Financial Highlights
- 18 Board of Directors
- 20 Corporate Information

Statutory Reports

- 21 Notice of the Annual General Meeting
- 43 Management Discussion and Analysis
- 48 Directors' Report

Financial Statements

- 66 Independent Auditor's Report
- 76 Balance Sheet
- 77 Statement of Profit and Loss
- 78 Statement of Changes in Equity
- 80 Cash Flow Statement
- 94 Notes to the
Financial Statements



PG. 12



PG. 14



PG. 06



Scan To
Download

To download or to read this report online,
please log on to www.hpthreads.com

About Us



Incorporated in 1981, H.P. Cotton Textile Mills Limited is among India's largest exporters of cotton sewing threads. Our vertically integrated operations provide us with complete flexibility and control over the entire value chain. Our products cater to a wide range of applications, encompassing industrial as well as consumer segments. Being able to cater to more than 30 countries is a testimony to our focus on product quality and customer service.

Process optimisation and stringent quality standards at each stage of production have made our offerings unique globally. These strengths together with our vast industry experience and keen focus on value addition have given us a competitive edge in the industry. Our successful operations are also backed by the dedication and skill of our workforce and the support of our stakeholders. We continue to strengthen our competitive edge through continual investments in product innovation and modern technology.

We strongly believe that profit is simply a by-product of the value creation process for our stakeholders. From being a growth-focused organisation, responsible employer, collaborative business partner, a good corporate citizen, and an environmentally-conscious manufacturer, we embrace holistic value creation and business sustainability.

Our Company's Corporate office is Headquartered in New Delhi, India, and is publicly listed on the BSE.

Compliance and Certifications



Oeko-Tex
Standard 100,
Product Class 1
Compliant



ISO 9001 – 2015
Certification by
TUV-Sud



GRS (Global
Recycle Standard)
Certification



Star Export House
Certification by the
Government of India



Global Organic
Textiles Standards
(GOTS) Certification



BSCI (Business Social
Compliance Initiative)
Certification

Harnessing Energy from Variables Creating Constant Value

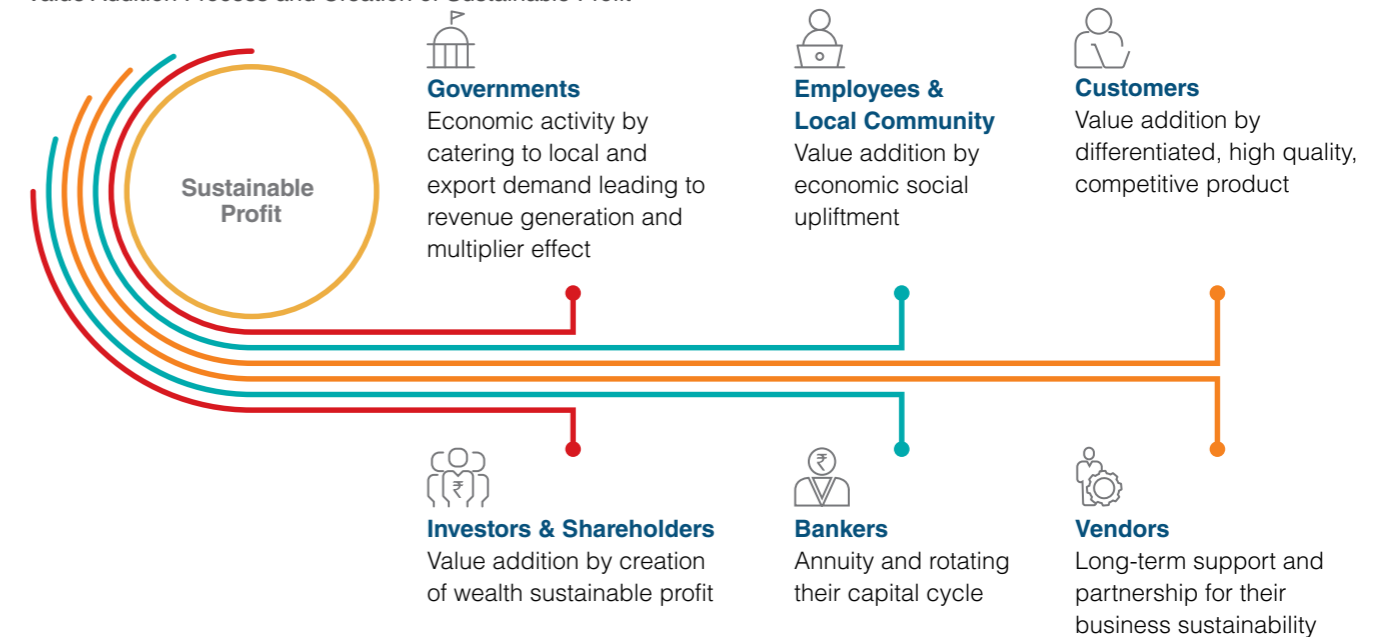
At H.P. Cotton Textile Mills, guided by our purpose to create constant value for all our stakeholders, and in the process generate sustainable profit, we have always viewed change positively. We see change as an opportunity to make our Company more efficient, innovative and adaptive. It is also our firm belief that a changed ecosystem often brings new prospects for business prosperity.

Our constructive approach towards change has enabled us to sail through turbulent times, not just in recent years but over our illustrious journey of over four decades. We continue to stay focused on harnessing the energy from the fluid operating environment and using that energy to create opportunities, empowering ourselves for future growth.

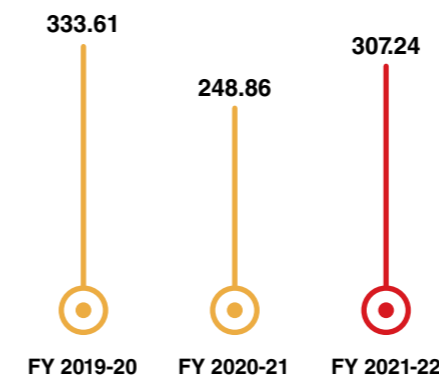
Finally, we are building our Company for sustainable success. This willingness to take a long-term view and ability to adapt to changing environments will continue to be a feature of our business as we move ahead on our journey of constant value creation.

Business Objective

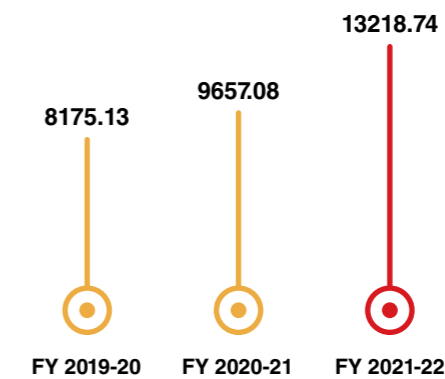
Value Addition Process and Creation of Sustainable Profit



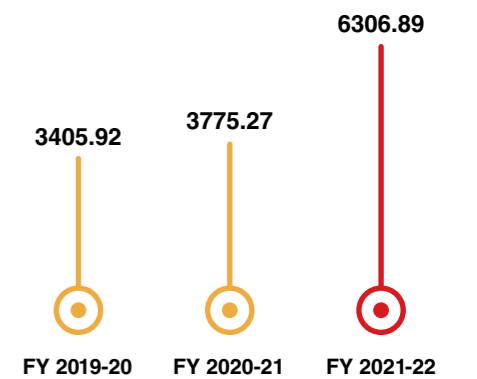
Finance Cost (₹ in lacs)



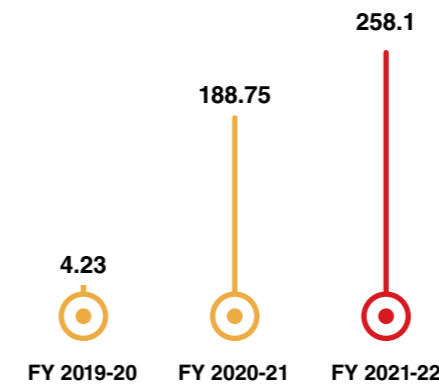
Revenue (₹ in lacs)



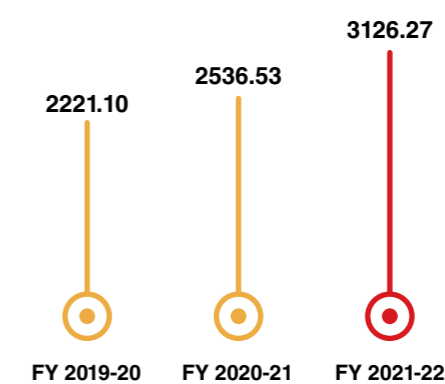
Purchases (₹ in lacs)



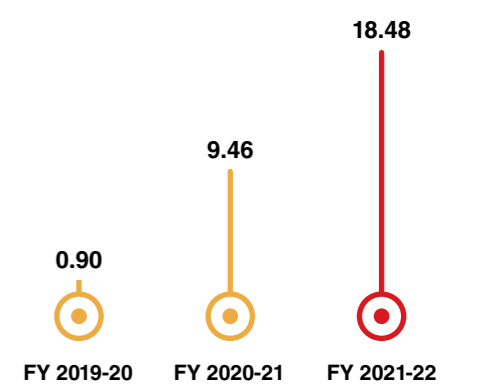
Tax Expense (₹ in lacs)



Employee Benefit Expenses (₹ in lacs)



Earnings Per Share (In ₹)



Creating Constant Value with our unique offerings

We manufacture a wide array of high-quality, differentiated and sustainable products for the domestic and international market for Industrial as well as Consumer Segments.

Industrial Segment mainly consist of catering to Knitting, Ready Made Garments (Apparel), Packaging, Lace Making, Stationery, Sports Goods, Footwear & Leather and Carpet & Home Textile Segments. Industrial Threads is marketing under its own label of HP Threads, through channel as well as direct sales.

Consumer Segments consists of a variety of consumer end uses, which includes Hand Knitting, Crochet, Embroidery, Quilting, Kite Flying, and Tailoring segments, which are marketing under its own label as well as customer private label.

Due to the nature of differentiated product offering, the company's performance is unaffected with the cyclical uptrends and downtrends of the commoditized spinning industry and enables the company to produce a more sustainable performance.

It is the variety of product offerings and a diversified customer base over 30 current geographies, which embeds resilience and sustainability in our business model, which has been demonstrated over last three and a half decades and specially in the last two years of pandemic, where the company has demonstrated excellent resilience, flexibility and the ability to adapt, driven by the vision and experience of the promoters of the company.



Creating Constant Value with Integrated Manufacturing & Quality Excellence

Our operations are underpinned by our integrated manufacturing facility located at Hisar, Haryana. It consists of Ring Spinning, Doubling & TFO operations, a specialised Gassing & Mercerizing unit, further integrated with Bleaching, Dyeing, Glazing and Finishing Winding units.

Our integrated facility enables us to customise products as per end-user needs and optimise processes for a better cost proposition. Vertical integration also ensures complete quality control at each step of manufacturing to deliver world-class, differentiated products. We remain focused on driving greater automation and deploying the latest technology at our facilities to enhance the robustness of our systems and processes. Moreover, our end-to-end operations also help in reducing wastages across the value chain.

The manufacturing facility is equipped with a Zero Liquid Discharge (ZLD) plant. The ZLD plant employs advanced wastewater treatment technologies to purify and recycle 95% of all the wastewater produced, thus enabling us to eliminate our effluent discharge and carbon footprint.



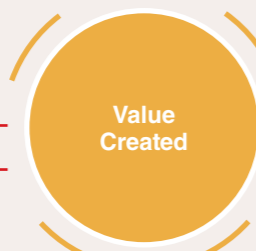
Value Created



Agility and flexibility in responding to changing customers' needs, enabled by our integrated setup



Consistent quality with global standards woven into each and every aspect of our manufacturing activity



Reliability in ensuring the delivery of the right products in the right quantity at the right time



Customer centricity by consistently delivering value-added products, while increasing operational efficiencies and lowering costs

Quality Excellence

As a global supplier, quality excellence is integrated into every stage of our operations.

This is reflected in our rigorous approach to quality right from raw material sourcing to every step of the manufacturing process, till the finished product is packed and dispatched to our customers. Meticulous care is taken while selecting the cotton used to spin our yarn. Our in-house quality control laboratory and in-house colour laboratory conform to the highest international standards.

While maintaining quality standards is imperative, we aim to go above and beyond these standards through continuous improvement. Aligned with this focus, significant investments have been made in sophisticated testing instruments for measuring yarn parameters.

At our chemical laboratory, we ensure perfect colour matching, colour fastness, softer feel, lustrous finish and all other necessary traits of a fine yarn. In parallel, our highly qualified technicians are continuously innovating and creating newer product lines for the future. This deeply ingrained quality culture combined with our high focus on new product development has made us the partner of choice of our customers.

Prioritising Quality

Holistic quality assurance

Stringent adherence to global quality norms

In-house quality control laboratory

In-house colour laboratory

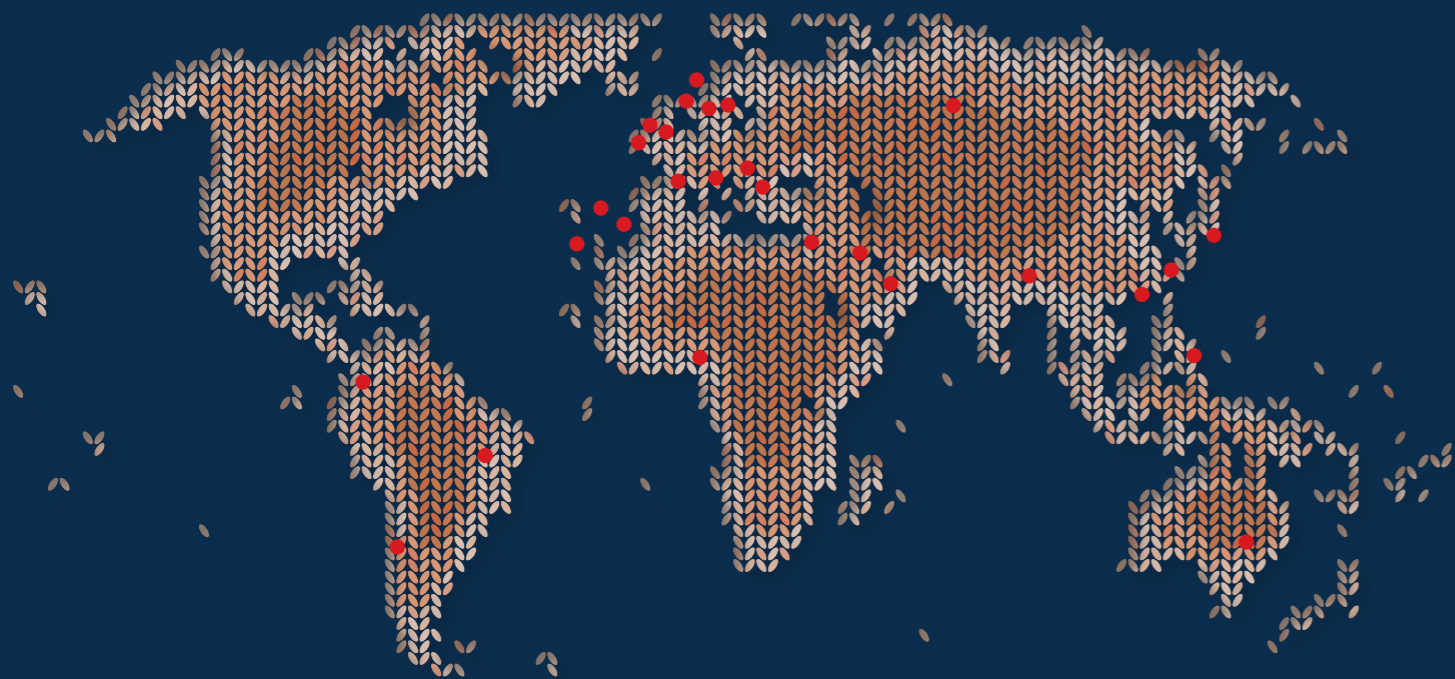
Sophisticated testing instruments

Continuous R&D for new product lines

Creating Constant Value Globally

Our excellent reputation for quality, innovation and cost-competitiveness has made us a trusted supplier to customers across the world. We continue to strengthen our marketing network to grow our global reach.

We export to 31+ countries



Creating Constant Value by Harnessing New Opportunities

A crisis has two sides: a challenge and an opportunity. With the ecosystem changing following the COVID-19 crisis, companies globally are diversifying and de-risking their manufacturing footprint, showing the gaps amidst which, the opportunities lie. At H.P. Cotton Textile Mills, we remain steadfast to the pursuit of these unfolding opportunities.



The Production Linked Incentive (PLI) Scheme for Textiles products, namely MMF (man-made fibre) Apparel, MMF Fabrics and Products of Technical Textiles was notified by the Ministry of Textiles (MoT), Government of India in September 2021. The scheme is intended to enhance India's manufacturing capabilities and exports in Textiles. The detailed operational guidelines for implementation of the PLI scheme was issued by MoT in December 2021.

As part of the PLI Scheme for the Textile Sector, incentives worth

₹106.83 billion will be provided on production to the textile sector over a span of five years. The incentive structure has been formulated to encourage investment in fresh capacities. This will give a major push to the growing high-value MMF segment which will complement the efforts of the cotton and other natural fiber-based textiles industry in generating new employment and trade opportunities. To further boost the growth of the textile sector, the Centre also removed the import duty on cotton.

Our Company applied for the PLI Scheme in February 2022 and got an approval letter in April 2022. Our selection as a beneficiary under India's PLI Scheme for Textiles will enable us to forward integrate into apparel manufacturing and expand our operations.

In accordance with the PLI Scheme, we have incorporated a wholly-owned subsidiary with the name of HP MMF Textiles Limited for expansion in the category of manufacturing of manmade fibres, apparels and technical textiles.

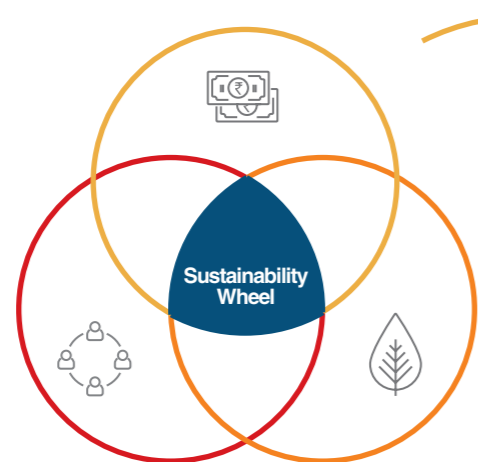
Creating Constant Value through Sustainable Practices

We firmly believe in the Sustainability Wheel Concept, i.e., a sustainable business can only be established by imbibing all the three pillars of sustainability - Economic, Social and Environmental. In the absence of even one of them, a business cannot survive in the long run.

To elaborate further on the Sustainability Wheel Concept; if a business is economically viable but has a negative social or environmental impact, it is bound to fail in due course. Similarly, if a business is environmentally sustainable but fails to generate monetary profit, its economic sustainability is impacted.

Social

Creating positive value for our employees, supply chain, the society at large and other stakeholders.



Economic

Delivering stable, long-term growth by ensuring compliance, governance and risk management.

Environmental

Producing products while reducing our carbon footprint, optimising resources and ensuring adherence to environmental practices and regulations.



Environmental Sustainability

We take our responsibilities to the environment very seriously. By choosing to embrace environmental sustainability, we seek to create constant value for our planet and make this world a better and greener place for future generations.

Water conservation and responsible water and wastewater management is an integral part of our environmental sustainability efforts. In an effort to reduce our water wastage, we place strong focus on making sure the water we use is recycled with maximum efficiency. Our Water Treatment

System uses 100% biological pre-treatment, ultra-filtration, membrane bio reactor, reverse osmosis and nano filtration technology to enable 95% water purification & recycling and zero liquid discharge. Our yarns are dyed with 100% recycled water.

We are compliant with Control Union Textile certifications. This includes 100% compliance with GOTS organic certification, an internationally recognised organic textile standard. We have also been certified with the Global Recycling Standard (GRS) label.

Additionally, we also conform to STANDARD 100 by OEKO-TEX® certification, a globally standardised, independent testing and certification system. The STANDARD 100 product label is reliable proof that our products are tested in accordance with strict global standards to protect users from harmful substances.

The other key sustainable practices that we follow in our operations include eliminating the use of single-use plastic, optional usage of 100% biodegradable plastics and 100% compostable plastics, and adopting biomass-powered boilers for meeting our energy requirements for dyeing.



Message from the Chairman and Managing Director



66

It gives me immense pleasure to share with you that your Company got selected for the PLI Scheme in April 2022. This opens up exciting opportunities for your Company to expand business boundaries. In accordance with the PLI Scheme, a wholly-owned subsidiary, HP MMF Textiles Limited, has been established.

Dear Members,

I hope this letter finds you and your families well and safe. In the context of the COVID-19 pandemic, I am glad to share that your Company successfully executed vaccination drives for all the employees and continues to maintain a sharp focus on supporting their health and safety.

Amid a year that continued to be characterised by several headwinds, I take great pride in sharing that your Company delivered a strong performance. This was achieved

through focused execution of the business strategy and the perseverance of the team.

Further, despite the short-term challenges of the pandemic and cost inflation, your Company's investments in branding, expanding the distribution network, and innovation continued unabated. These concerted actions have re-strengthened the business and positioned it well to create better value for all stakeholders.

Performance Review

Just when it seemed that the world was emerging from the throes of the COVID-19 pandemic, the second wave in several countries once again disrupted global economic recovery. The Russia-Ukraine conflict towards the close of the financial year aggravated the pre-existing challenges of excessive volatility in commodity prices, inflationary pressures, and supply chain disruptions.

Overcoming these external challenges, your Company demonstrated tremendous growth in terms of revenue and profitability for the FY 2021-22. These results demonstrate its execution prowess, agility, strategic clarity, and supply chain resilience.

An important highlight was that the production of sewing threads increased by 22.62% over the previous year, which resulted in sales increasing by 36.88% over the previous year. The higher sale also benefitted from your Company's increased focus and success in the value-added export segment. During the year, your Company also implemented various policies, which contributed to its strong performance.

Expanding Boundaries

H.P. Cotton Textile Mills had applied for the Performance Linked Incentive (PLI) Scheme introduced by the Government of India for the promotion of MMF (man-made fibre) Apparel, MMF Fabrics and Products of Technical Textiles. It gives me immense pleasure to share with you that your Company got selected for the PLI Scheme in April 2022. This opens up exciting opportunities for your Company to expand business boundaries. In accordance with the PLI Scheme, a wholly-owned subsidiary, HP MMF Textiles Limited, has been established.

Awards And Recognition

Your Company's various endeavours were duly acknowledged through marquee awards. In this regard, I am delighted to share that H.P. Cotton Textile Mills was conferred the Runner-up Award in the category of 'Best MSME Global Business of the Year' by ASSOCHAM.



An important highlight was that the production of sewing threads increased by 22.62% over the previous year, which resulted in sales increasing by 36.88% over the previous year.

Closing Comments

As a result of all the progress in FY 2021-22, your Company enters the new fiscal as a far more capable organisation and better prepared to handle the evolving demand, continuous market volatility and an uncertain economic environment. Your Company aims to exceed the internal benchmark so that it can consistently deliver value to its customers, and also perform as a dependable supplier.

My sincere gratitude to our valued customers for their steadfast support. I would also like to take this opportunity to extend my thanks to our employees, management, leadership team, investors, partners, suppliers, distribution network and our shareholders for their unflinching trust and support.

Warm regards,

Kailash Kumar Agarwal
Chairman & Managing Director

Message from the Executive Director, Chief Executive Officer and Chief Financial Officer



66

Our total production increased by 22.17% on a year-on-year basis. Higher production and greater thrust on the value-added export segment resulted in our total turnover increasing by 36.88% on a year-on-year basis. Profit after Tax surged by 95.67% over the previous year, driven by an increase in revenue and productivity.

Dear Shareholders,

We are living in an era of disruption. Starting with the outbreak of the COVID-19 pandemic to government-induced lockdowns, economic and social life being upended, tragic human and health suffering to global supply chain crisis, there have been consistent changes and challenges in the operating environment over the past few years.

The ongoing geopolitical strife has again cast a shadow on global economic recovery. Excessive volatility in global crude oil prices, high inflationary pressures and supply-chain disruptions, triggered by the conflict, may undermine global economic growth.

In all of the above events of disruption, which have led to an increasingly variable business environment, the focus of the Company has been to achieve its objective of creating constant value addition to all of its stakeholders, and in the process produce sustainable profit in the form of a by-product.

Performance Review

During the year under review, our Company continued along the path of constant value addition as we efficiently executed our business strategy and stayed agile to effectively manoeuvre through the demanding supply chain environment. Our proactive engagement with our stakeholders – customers, vendors, investors, employees, financial institutions, industry bodies, communities, and governments – also enabled us to successfully navigate the changing operating environment and deliver added value.

We reported strong growth across all key parameters of performance. Our total production increased by 22.17% on a year-on-year basis. Higher production and greater thrust on the value-added export segment resulted in our total turnover increasing by 36.88% on a year-on-year basis. Profit after Tax surged by 95.67% over the previous year, driven by an increase in revenue and productivity. Net Profit Margin improved to 5.33% as against 3.73% in the previous year. Return on Net Worth also recorded strong growth, standing at 22.92% as against 16.10% in the previous year.

Business opportunities

The future of the Indian textiles industry looks promising, buoyed by strong domestic consumption as well as export demand. While the pandemic-induced disruption resulted in the Indian textiles sector being one of the worst hit sectors, it has now made a strong comeback with the normalisation of economic and social activity. The country's textile and apparel exports (including handicrafts) stood at USD 44.4 billion in FY 2021-22, an increase of 41% on the previous year. As per government data, India's textile ecosystem has the potential to reach USD 250 billion in the next 5-7 years.

In April 2022, with the aim to make India a global leader in the textile sector, the Ministry of Textiles selected 61 applicants under the Production-Linked Incentive (PLI) Scheme for Textile Products, namely MMF (man-made fibre) Apparel, MMF Fabrics and Products of Technical Textiles. India's contribution towards man-made fibre in the global market is 25%. The PLI Scheme, along with the PM Mega Integrated Textile Regions and Apparel Parks (MITRAs) Scheme, is expected to help in enhancing this share, while also making India a strong competitor in the global market.

I am delighted to share that H.P. Cotton Textile Mills is among the applicants selected under the PLI Scheme for Textiles. This strategic foray into the manufacturing of MMF Apparel and Fabrics provides a strong platform for future growth. These newer areas also share strong synergies with our existing business and will benefit from our manufacturing capability, distribution network and brand recognition.

The pandemic and the current geopolitical crisis have made companies and countries rethink their supply chain. The China-plus-one strategy is being increasingly adopted to diversify and de-risk the supplier base. In the textile sector, India offers an attractive alternative to China, as well as several other countries in the West, due to its cost proposition, skilled manpower and conducive business environment.

Embracing sustainability

We remain committed to building a stronger and more sustainable business that creates lasting value for all our stakeholders. As a global supplier of cotton specialty yarns and cotton sewing threads, stringent adherence to high-quality standards and globally renowned accreditations is core to meeting our customers' expectations and growing responsibly. We are also driving sustainability in our products by using recycled materials. Our water treatment system uses advanced processes to enable 95% water purification & recycling and zero liquid discharge.

We remain focused on using renewable energy sources and adopting other sustainability measures to reduce our environmental footprint.

Business outlook

Looking to the future, I am excited about the growth opportunities for our business. India is on a promising growth trajectory despite the concerns related to inflation and global supply disruptions. The massive vaccination drive in India has been very successful and pandemic anxieties have receded. In the global markets, our strong market reputation and rich industry experience position us well to increase sales in our existing geographies while steadily foraying into new countries. We are also steadily expanding our marketing presence to capture fresh opportunities in the export segment.

While our growth outlook is promising, we are battling some headwinds in the near term. Inflationary pressures may erode some demand for our products. The recent spike in cotton prices in India has been a significant constraint, leading to high finished good prices and thus reduced cost competitiveness. We remain hopeful that the government's decision to remove import duty on cotton will help in stemming this price rise. High energy costs because of the war in Ukraine, supply-chain disruptions because of pandemic-related lockdowns in China, and surging commodities prices are other challenges that are being currently faced. We are monitoring these developments closely and taking the necessary measures to mitigate their impact on our performance.

Signing off

In closing, I would like to take this opportunity to thank our customers, employees, partners and shareholders for their continued support. We at H.P. Cotton Textile Mills remain focused on scaling growth and generating sustainable value for all stakeholders.

Warm regards,

Raghavkumar Agarwal

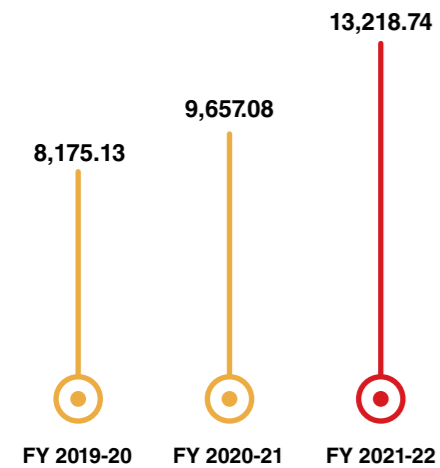
Executive Director, Chief Executive Officer and Chief Financial Officer

Financial Highlights

Tracking performance across key financial indicators for the past three years

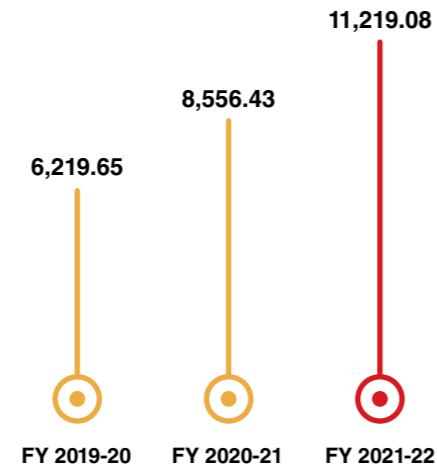
Revenue from Operations

(₹ in lacs)



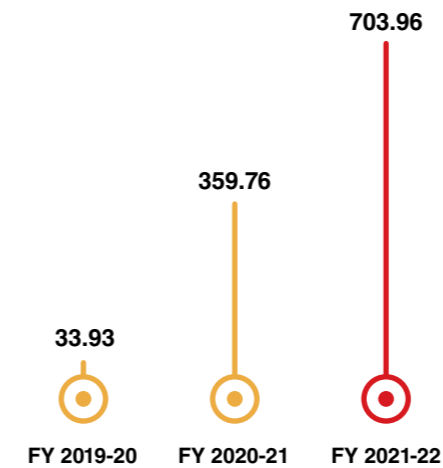
Export Sales

(₹ in lacs)



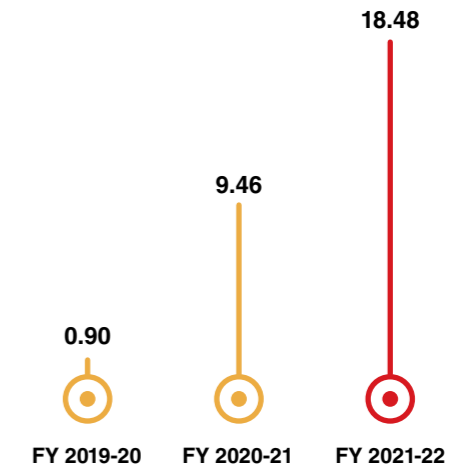
Profit after Tax

(₹ in lacs)



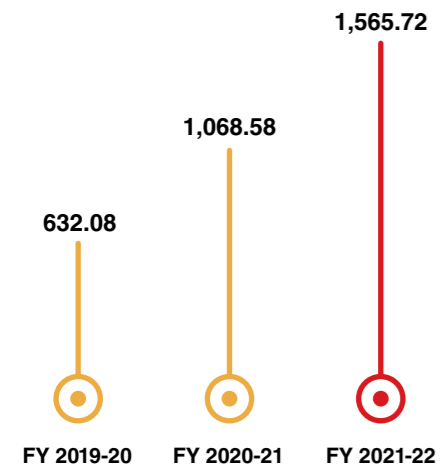
Earning per Share

(in ₹)



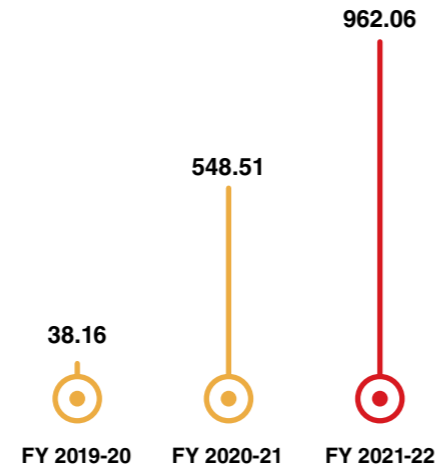
EBITDA

(₹ in lacs)



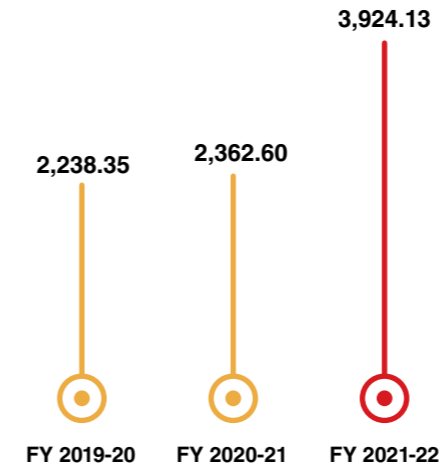
Profit before Tax

(₹ in lacs)



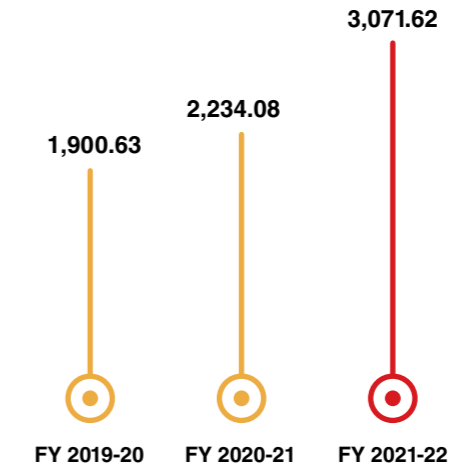
Property, Plant and Equipment (PPE) including intangibles and right of use assets

(₹ in lacs)



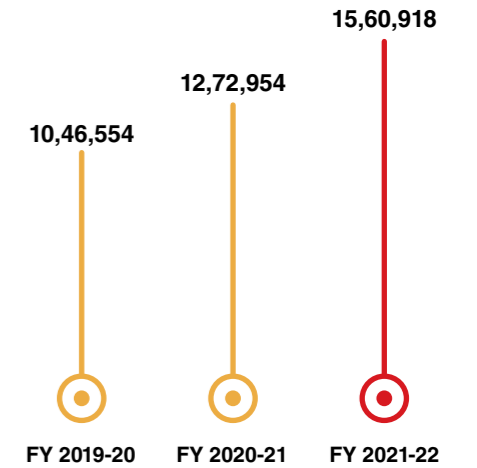
Net Worth

(₹ in lacs)



Production of Sewing Threads

(in Kgs)



Board of Directors



Kailash Kumar Agarwal
Chairman and Managing Director

Mr. Kailash Kumar Agarwal holds a Bachelor's Degree in Law (LL.B) from Delhi University and a Bachelor's Degree in Commerce from the University of Calcutta. He is one of the Founder Directors and Promoters of H.P. Cotton. Being one of the First Directors of H.P. Cotton, he has been serving the Company in that capacity for more than three decades. He has successfully guided the Company through various ups and downs since its inception more than 40 years ago.



Raghavkumar Agarwal
Executive Director, Chief Executive Officer and Chief Financial Officer

Mr. Raghavkumar Agarwal holds a Bachelor's Degree in Management Science from Warwick Business School, University of Warwick, UK. He completed his industrial training in textiles from Manchester, UK. He has a wide experience of more than 15 years in the Textile Industry.



Parshotam Dass Agarwal
Independent Director

Mr. Parshotam Dass Agarwal holds a Bachelor's Degree in Commerce from Ravishankar University, Raipur; a Bachelor's Degree in Law (LL.B) from the University of Delhi and a Master's Degree in Business Administration from the Faculty of Management Studies, University of Delhi. He has a wide professional experience of more than 43 years with the corporates, which includes holding positions in the Textiles Industry for 23 years particularly as President in Birla Group, Chief Executive Officer in Surya Roshni Limited for 7 years, President in Shree Krishna Paper Mills Ltd. for 9 years and as Executive Director in OP Jindal Group. He is currently also serving as an Independent Director at Quint Digital Media Limited.



Vikram Sumatilal Sheth
Independent Director

Mr. Vikram Sumatilal Sheth holds a Bachelor's Degree in Engineering (Chemical Plant Engineering) from University of Mumbai and also holds a Master's Degree in Management Studies (MMS) from NMIMS (University of Mumbai). He comes with more than 25 years of experience in the financial services space. He has assisted corporates in raising funds of more than USD 3 billion in the form of equity/debt. His previous stints include working with ICICI Securities, Edelweiss, and Religare, where he held leadership positions for their investment banking practice. He is currently also serving as a Director on NewAge Stratfin Advisors Private Limited to build their Investment Banking platform. Mr. Vikram is a visiting faculty member at NMIMS, a prestigious B-School in India.



Ritu Bansal
Non-Executive Director

Mrs. Ritu Bansal is a Chartered Accountant by profession and holds a Bachelor's Degree in Commerce (Hons.) from the University of Delhi. She has more than 22 years of experience in taxation and auditing. She also holds Certificate in Forensic Accounting & Fraud Detection (FAFD), Certificate in Concurrent Audit and Diploma in Information System Audit (DISA) issued by ICAI. She is a member of The Institute of Company Secretaries of India.



Siddharth Agrawal
Independent Director

Mr. Siddharth Agrawal is an Advocate by profession and holds a Bachelor's Degree in Business Administration and Law (B.B.A LL.B) and also holds a Master's degree in Law from LSE, London. He has more than 10 years of experience in arbitration, civil and commercial litigation. His practice encompasses advising and representing parties in international arbitration matters as well as in arbitration matters seated in India. He has worked with various top law firms of India. He is also an Advocate-on-Record, Supreme Court of India and regularly appears before the Supreme Court of India, Delhi High Court and Tribunals.

Corporate Information

Board of Directors

Executive Directors

Mr. Kailash Kumar Agarwal
(Chairman & Managing Director)

Mr. RaghavKumar Agarwal
(CEO & Executive Director)

Non-Executive Director

Mrs. Ritu Bansal

Independent Directors

Mr. Parshotam Dass Agarwal

Mr. Vikram Sumatilal Sheth

Mr. Siddharth Agrawal

Chief Financial Officer

Mr. RaghavKumar Agarwal

Company Secretary and Compliance Officer

Mr. Shubham Jain

Registrar & Share Transfer Agent

Alankit Assignments Ltd.

Alankit House, 4E/2, Jhandewalan
Extension,
New Delhi-110055

Tel: +91 11 42541234

Fax: +91 11 23552001

Email: info@alankit.com

Website: www.alankit.com

Statutory Auditors

Walker Chandio & Co. LLP
L-41, Connaught Circus, Outer Circle,
New Delhi-110001

Secretarial Auditors

M/s Tarun Jain & Associates
Company Secretaries
1001, Vikrant Tower, Rajendra Place,
New Delhi-110008

Bankers

State Bank of India

Registered Office

15th K.M. Stone, Delhi Road,
V.P.O. Mayar, Hisar 125044 (Haryana)
CIN: L18101HR1981PLC012274

Corporate Office

F (0), The Mira Corporate Suites
1 & 2, Old Ishwar Nagar, Mathura Road,
New Delhi -110065
Tel: +91 11 41540471/72/73
Fax: +91 11 49073410
E-mail: info@hpthreads.com
Website: www.hpthreads.com

H.P. COTTON TEXTILE MILLS LIMITED

CIN: L18101HR1981PLC012274 | ISIN: INE950C01014 | BSE SCRIP CODE: 502873

Registered Office: 15th K.M. Stone, Delhi Road, V.P.O. Mayar, Hisar-125044

E-mail: info@hpthreads.com | Tel: +91 11 41540471/72/73 | Fax: +91 11 49073410 | Website: www.hpthreads.com

Notice of the Annual General Meeting

NOTICE is hereby given that the Forty-First (**41st**) Annual General Meeting ("AGM") of the Members of H.P. Cotton Textile Mills Limited will be held on **Tuesday, the 27th day of September, 2022 at 12 Noon** IST through Video Conferencing ("VC")/ Other Audio-Visual Means ("OAVM") to transact the following businesses:

ORDINARY BUSINESS:

- To consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2022 and the reports of the Board of Directors and Auditor's thereon.

To consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT the Audited Financial Statements of the Company for the Financial Year ended March 31, 2022 and the Reports of the Board of Directors and Auditors thereon, as circulated to the Members, be considered and adopted."

- To declare a final dividend of ₹ 1 per equity share for the financial year ended March 31, 2022.

To consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT a Dividend of ₹ 1 (10%) per Ordinary (Equity) Share of the face value of ₹ 10 each for the year ended 31st March, 2022 on 38,66,000 Ordinary (Equity) Shares of the Company aggregating ₹ 38.66 lacs as recommended by the Board of Directors be declared and that the said Dividend be distributed out of the Profits for the year ended on 31st March, 2022."

- To appoint a Director in place of Mr. Raghavkumar Agarwal (DIN: 02836610), who retires by rotation and being eligible, seeks re-appointment.

To consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT Mr. Raghavkumar Agarwal (DIN: 02836610), who retires by rotation and being eligible

for re-appointment, be re-appointed as a Director of the Company."

SPECIAL BUSINESS:

- To appoint Mr. Vikram Sumatilal Sheth as a Director and an Independent Director of the Company and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Mr. Vikram Sumatilal Sheth (DIN: 03349632), who was appointed as an Additional (Independent) Director of the Company with effect from April 30, 2022 by the Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, and who holds office upto the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 ('Act') [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and Articles of Association of the Company, and who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company;

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Act read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014, Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), as amended from time to time, the appointment of Mr. Vikram Sumatilal Sheth, that meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, for a term of five years, i.e., from April 30, 2022 to April 29, 2027 (both days inclusive) and who would not be liable to retire by rotation, be and is hereby approved;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

5. To appoint Mr. Siddharth Agrawal as a Director and an Independent Director of the Company and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** Mr. Siddharth Agrawal (DIN: 09693278), who was appointed as an Additional (Independent) Director of the Company with effect from August 10, 2022 by the Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, and who holds office upto the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 ('Act') [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and Articles of Association of the Company, and who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company;

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Act read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014, Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), as amended from time to time, the appointment of Mr. Siddharth Agrawal, that meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, for a term of one year, i.e., from August 10, 2022 to August 09, 2023 (both days inclusive) and who would not be liable to retire by rotation, be and is hereby approved;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

6. To approve revised Remuneration of Mr. Kailash Kumar Agarwal (DIN: 00063470), Chairman & Managing

Director of the Company for the remainder of the current term and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Schedule V to the Companies Act, 2013 and Articles of Association of the Company and such other applicable provisions (including any statutory modification or re-enactment thereof), if any and Regulation 17(6)(e) and 23 of SEBI (Listing and Obligations and Disclosure Requirements), Regulations, 2015, and on the recommendation of Nomination and Remuneration Committee, Audit Committee and Board of Directors, the consent of the Members of the Company be and is hereby accorded to the revised remuneration of Mr. Kailash Kumar Agarwal, who was re-appointed as Managing Director for a period of 5 years w.e.f. August 6, 2020, designated as Chairman and Managing Director of the Company w.e.f. September 01, 2022 for the remainder of his tenure upto August 05, 2025 on the following terms and conditions:

A. REMUNERATION:

Particulars	Amount (in ₹ per month)
Basic	2,00,000
House Rent Allowance (HRA)	1,00,000
Other/Special/Grade Allowance	2,43,500
Gross Salary (A)	5,43,500
Leave Travel Allowance (LTA) (B)	12,500
Provident Fund (Employer's Contribution)	24,000
Statutory Annual Bonus / Ex Gratia**	20,000
Other / Statutory Benefits (C)	44,000
Total Cost to Company (per month)	6,00,000
- A+B+C	
Total Cost to Company (per annum)	72,00,000

Important Points

- LTA and Statutory Annual Bonus / Ex Gratia shall be Payable annually on Earned Basic Salary. In addition, he will be eligible for gratuity and superannuation and leave encashment as per the rules of the Company.
- In addition to the above, the Managing Director shall be entitled to a Performance Pay, based on his performance, and/or Commission as determined by the Board / Nomination and Remuneration Committee of the Company, from time to time, which may exceed the overall ceilings on managerial remuneration specified in Section 197 read with Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors of the Company (which shall be deemed to include the Nomination & Remuneration Committee of the Board of Directors) be authorized to do all such acts and take all such steps as it may consider necessary or desirable to give effect to this resolution and they are further authorised to alter, vary, increase, enhance, widen and/or revise the remuneration as it may, in its absolute discretion and full liberty, deem fit and as may be acceptable to Mr. Kailash Kumar Agarwal, notwithstanding that the total Remuneration payable to him may exceed the overall ceiling of the total managerial remuneration as provided under Sections 196, 197 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

RESOLVED FURTHER THAT notwithstanding anything contained herein, where in any financial year during the tenure of Mr. Kailash Kumar Agarwal, Managing Director, the Company has no profits or its profits are inadequate, the Company may pay to the Managing Director the above remuneration and/or any revision in the remuneration as may be approved by the Board and/or the Nomination and Remuneration Committee in future during the currency of tenure of the Managing Director, from time to time, as the minimum remuneration for the remainder of the tenure of Mr. Kailash Kumar Agarwal with effect from September 01, 2022 or such other period as may be statutorily permitted by way of salary, perquisites, performance pay, other allowances, commission and benefits as specified hereinabove;

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, any Director or the Company Secretary of the Company be authorized to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary document(s), application(s), returns and writings as may be necessary, proper, desirable or expedient.”

7. To approve revised Remuneration of Mr. Raghavkumar Agarwal (DIN: 02836610), Whole-Time Director, CEO & CFO of the Company for the remainder of the current term and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 of the Companies Act, 2013, the Companies (Appointment and Remuneration

of Managerial Personnel) Rules, 2014, Schedule V to the Companies Act, 2013 and Articles of Association of the Company and such other applicable provisions (including any statutory modification or re-enactment thereof), if any and Regulation 17(6)(e) and 23 of SEBI (Listing and Obligations and Disclosure Requirements), Regulations, 2015, and on the recommendation of Nomination and Remuneration Committee, Audit Committee and Board of Directors, the consent of the Members of the Company be and is hereby accorded to the revised remuneration of Mr. Raghavkumar Agarwal, who was appointed as Whole Time Director for a period of 5 years w.e.f. May 30, 2019, designated as ED CEO & CFO of the Company w.e.f. September 01, 2022 for the remainder of his tenure upto May 29, 2024 on the following terms and conditions:

A. REMUNERATION:

Particulars	Amount (in ₹ per month)
Basic	1,60,000
House Rent Allowance (HRA)	80,000
Other/Special/Grade Allowance	2,14,800
Gross Salary (A)	4,54,800
Leave Travel Allowance (LTA) (B)	10,000
Provident Fund (Employer's Contribution)	19,200
Statutory Annual Bonus / Ex Gratia**	16,000
Other / Statutory Benefits (C)	35,200
Total Cost to Company (per month)	5,00,000
- A+B+C	
Total Cost to Company (per annum)	60,00,000

Important Points

- LTA and Statutory Annual Bonus / Ex Gratia shall be Payable annually on Earned Basic Salary. In addition, he will be eligible for gratuity and superannuation and leave encashment as per the rules of the Company.
- In addition to the above, the ED CEO & CFO shall be entitled to a Performance Pay, based on his performance, and/or Commission as determined by the Board / Nomination and Remuneration Committee of the Company, from time to time, which may exceed overall ceilings on managerial remuneration specified in Section 197 read with Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors of the Company (which shall be deemed to include the Nomination & Remuneration Committee of the Board of Directors) be authorized to do all such acts and take all such steps as it may consider necessary or desirable

to give effect to this resolution and the they are further authorised to alter, vary increase, enhance, widen and/or revise the remuneration as it may, in its absolute discretion and full liberty, deem fit and as may be acceptable to Mr. RaghavKumar Agarwal, notwithstanding that the total Remuneration payable to him may exceed the overall ceiling of the total managerial remuneration as provided under Sections 196, 197 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

RESOLVED FURTHER THAT notwithstanding anything contained herein, where in any financial year during the tenure of Mr. Raghavkumar Agarwal, ED, CEO & CFO the Company has no profits or its profits are inadequate, the Company may pay to the ED, CEO & CFO the above remuneration and/or any revision in the remuneration as may be approved by the Board and/or the Nomination and Remuneration Committee in future during the currency of tenure of the ED, CEO & CFO, from time to time, as the minimum remuneration for the remainder of the tenure of Mr RaghavKumar Agarwal with effect from September 01, 2022 or such other period as may be statutorily permitted by way of salary, perquisites, performance pay, other allowances, commission and benefits as specified hereinabove;

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, any Director or the Company Secretary of the Company be authorized to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary document(s), application(s), returns and writings as may be necessary, proper, desirable or expedient."

By Order of the Board of Directors

Sd/-

Shubham Jain

Membership Number: A49541

Company Secretary &

Compliance Officer

New Delhi,
August 10, 2022

Registered office:

15th K.M. Stone, Delhi Road,
V.P.O. Mayar, Hisar – 125044
Email id: cs@hpthreads.com
Website: www.hpthreads.com
Tel: +91 11 41540471/72/73

NOTES:

1. In view of the continuing COVID-19 global pandemic the Ministry of Corporate Affairs ("MCA") vide its General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 5, 2020, General Circular No. 22/2020 dated June 15, 2020, General Circular No. 02/2021 dated January 13, 2021, and General Circular No. 02/2022 dated May 5, 2022 (collectively referred to as the "MCA Circulars") and Securities and Exchange Board of India ("SEBI") vide its Circular No. SEBI/HO/CFD/CMD1/ CIR/P/2020/79 dated May 12, 2020, Circular No. SEBI/ HO/CFD/ CMD2/CIR/P/2021/11 dated January 15, 2021 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 on May 13, 2022 (collectively "SEBI Circulars") have permitted companies to conduct the Annual General Meeting ("AGM") through Video Conference/ Other Audio Visual subject to compliance of various conditions mentioned therein. In compliance with the aforesaid MCA and SEBI Circulars, applicable provisions of the Companies Act, 2013 and rules made thereunder, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations") the 41st AGM of the Company is being convened and conducted through VC. The deemed venue for the AGM shall be the Registered Office of the Company.
2. Generally, a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. Since this AGM is being held through VC / OAVM pursuant to the Circulars, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed hereto. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
3. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, setting out the material facts and reasons for the resolutions in respect of the business set out above is annexed hereto.
4. The relevant details as required under Regulation 36(3) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,

2015 ('Listing Regulations') and Secretarial Standard on General Meetings ('SS-2'), issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/re-appointment at this Annual General Meeting ('AGM'/ 'the meeting') is also annexed as **Annexure-A**.

5. Since the AGM will be held through VC/ OAVM, the route map of the venue of the Meeting is not annexed hereto.
6. The Company is pleased to provide two-way VC facility through VC / OAVM.
7. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system during the AGM will be provided by CDSL.
8. The Members can join the AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
9. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
10. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.

11. The Voting rights of Members shall be in proportion to their shares of the paid-up Equity Share Capital of the Company as on Cut-off Date of **September 20, 2022**.
12. The Register of Members and the Share Transfer Books of the Company shall remain closed from closed from **September 21, 2022 to September 27, 2022** (both days inclusive).
13. Institutional/Corporate members (i.e. other than individuals/HUF, NRI etc) are required to send a scanned copy (PDF/JPEG format) of its Board or Governing Body resolution/authorisation etc authorising its representative to attend the AGM through VC/OAVM on its behalf and to vote through remote e-voting pursuant to section 113 of the Act. The said resolution/authorisation shall be sent to the Company via email through its registered email address at cs@hpthreads.com with a copy to siroyam@gmail.com.

DISPATCH OF ANNUAL REPORT THROUGH ELECTRONIC MODE:

14. In compliance with the Circulars, owing to the difficulties involved in dispatching of physical copies, the Notice of the AGM along with the Annual Report 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories.
15. In line with the Circulars, the Notice calling the AGM has been uploaded on the website of the Company at www.hpthreads.com. The Notice can also be accessed from the websites of the Stock Exchange i.e. BSE Limited at www.bseindia.com. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.
16. Member(s) may also note that the Notice of the Meeting and the Annual Report for FY 2021-22 will also be available on the Company's website www.hpthreads.com.
17. For receiving all communication (including Annual Report) from the Company electronically:
 - a) Members holding shares in physical mode and who have not registered / updated their email address with the Company are requested to register / update the same by sending signed request letter mentioning your name, email-id, folio number, number of shares held, certificate number, distinctive number and Complete Address along with self-attested copy of PAN card to the Company's Registrar and Share Transfer Agent i.e. Alankit Assignments Limited at rta@alankit.com

- b) Members holding shares in dematerialised mode are requested to register / update their email addresses with the relevant Depository Participant

18. INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:

- (i) The voting period begins on **September 24, 2022 at 9.00 A.M. and ends on September 26, 2022 at 5.00 P.M.** During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of **September 20, 2022** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public noninstitutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs

and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

(iv) Access through depositories CDSL/NSDL E-Voting system in case of Individual Shareholders holding shares in demat mode

In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by the Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<p>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi.</p> <p>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</p> <p>3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration</p>

Type of shareholders	Login Method
	<p>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>
Individual Shareholders holding securities in demat mode with NSDL	<p>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> <p>2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</p> <p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting</p>
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

(v) Access through CDSL E-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode

- The shareholders should log on to the e-voting website www.evotingindia.com.
- Click on "Shareholders" module.
- Now enter your User ID
 - For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

- If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
OR Date of Birth (DOB)	If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- After entering these details appropriately, click on "SUBMIT" tab.
- Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the EVSN of H.P. COTTON TEXTILE MILLS LIMITED on which you choose to vote.

- On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvi) Facility for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
- It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required mandatory to send the relevant

Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; cs@hpthreads.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

- For Physical Shareholders** - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company's Registrar and Share Transfer Agent (Alankit Assignments Limited) at rta@alankit.com.
- For Demat shareholders** - Please update your email id & mobile no. with your respective Depository Participant (DP)
- For Individual Demat shareholders** - Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting through Depository.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:

- The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
- Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
- If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility

of e-voting during the meeting is available only to the shareholders attending the meeting.

23. Members who are holding shares in physical form or who have not registered their email address with the Company / Depository or any person who acquires shares of the Company and becomes a Member of the Company after the Notice has been sent electronically by the Company, and holds shares as on the cut-off date, i.e. **September 20, 2022**, he/she may write to the CDSL on the E-mail ID: helpdesk.evoting@cdslindia.com. However, if a member is already registered with CDSL for e-voting then existing User ID and password can be used for casting vote.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

24. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
25. Shareholders are encouraged to join the Meeting through Laptops / iPads for better experience.
26. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
27. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

PROCEDURE TO RAISE QUESTIONS / SEEK CLARIFICATIONS:

28. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at cs@hpthreads.com. Speakers are requested to submit their questions at the time of registration, to enable the Company to respond appropriately.
29. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
30. The Company reserves the right to restrict the number of questions and number of speakers, depending upon

availability of time as appropriate for smooth conduct of the AGM.

31. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at cs@hpthreads.com. These queries will be replied to by the company suitably by email.

DIVIDEND RELATED INFORMATION:

32. The Members, whose names appear in the Register of Members/list of Beneficial Owners as on Tuesday, September 20, 2022, i.e. being the cut-off date will be paid the Final Dividend for the financial year ended 31st March, 2022, as recommended by the Board, if approved at the AGM, on or after Friday, September 30, 2022.
33. Payment of dividend shall be made through electronic mode to the Members who have updated their bank account details. Dividend warrants / demand drafts will be despatched to the registered address of the Members who have not updated their bank account details.
34. Members are requested to register / update their complete bank details:
- with their Depository Participant(s) with which they maintain their demat accounts, if shares are held in dematerialised mode, by submitting forms and documents as may be required by the Depository Participant(s); and
 - with the Company / Alankit by emailing at cs@hpthreads.com or info@alankit.com, if shares are held in physical mode, by submitting:
 - scanned copy of the signed request letter which shall contain Member's name, folio number, bank details (Bank account number, Bank and Branch Name and address, IFSC, MICR details),
 - self-attested copy of the PAN card, and
 - cancelled cheque leaf.
35. Members may note that the Income-tax Act, 1961, ("the IT Act") as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a company after April 1, 2020 shall be taxable in the hands of members. The Company shall therefore be required to deduct tax at source ("TDS") at the time of

making the payment of final dividend. In order to enable us to determine the appropriate TDS rate as applicable, members are requested to submit relevant documents, as specified in the below paragraphs, in accordance with the provisions of the IT Act.

For resident shareholders, taxes shall be deducted at source under Section 194 of the IT Act as follows:

Particulars	Withholding Tax Rate
Valid PAN updated in the Company's Register of Members	10% or as notified by the Government of India
No PAN/Valid PAN not updated in the Company's Register of Members	20% or as notified by the Government of India

However, no tax shall be deducted on the dividend payable to a resident individual if the total dividend to be received by them during financial year 2022-23 does not exceed ₹ 5,000 and also in cases where members provide Form 15G / Form 15H (Form 15H is applicable to individuals aged 60 years or more) subject to conditions specified in the IT Act. Resident shareholders may also submit any other document as prescribed under the IT Act to claim a lower / nil withholding tax. PAN is mandatory for members providing Form 15G / 15H or any other document as mentioned above.

For non-resident shareholders, taxes are required to be withheld in accordance with the provisions of Section 195 and other applicable sections of the IT Act, at the rates in force. The withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) or as notified by the Government of India on the amount of dividend payable. However, as per Section 90 of the IT Act, non-resident shareholders have the option to be governed by the provisions of the Double Tax Avoidance Agreement ("DTAA"), read with Multilateral Instrument ("MLI") between India and the country of tax residence of the member, if they are more beneficial to them. For this purpose, i.e. to avail the benefits under the DTAA read with MLI, non-resident shareholders will have to provide the following:

- Copy of the PAN card allotted by the Indian income tax authorities duly attested by the member or details as prescribed under rule 37BC of Income-tax Rules, 1962
- Copy of Tax Residency Certificate for fiscal 2022 obtained from the revenue authorities of the country of tax residence, duly attested by member

- Self-declaration in Form 10F
- Self-declaration by the member of having no permanent establishment in India in accordance with the applicable tax treaty
- Self-declaration of beneficial ownership by the non-resident shareholder
- Any other documents as prescribed under the IT Act for lower withholding of taxes if applicable, duly attested by the member

In case of Foreign Institutional Investors / Foreign Portfolio Investors, tax will be deducted under Section 196D of the IT Act @ 20% (plus applicable surcharge and cess) or the rate provided in relevant DTAA, read with MLI, whichever is more beneficial, subject to the submission of the above documents.

The aforementioned documents are required to be submitted with the Company/Alankit by emailing at cs@hpthreads.com or info@alankit.com on or before September 13, 2022. No communication would be accepted from members after September 13, 2022 regarding tax withholding matters. It may be further noted that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents from you, there would still be an option available with you to file the return of income and claim an appropriate refund, if eligible.

IEPF RELATED INFORMATION:

36. Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ('IEPF').

The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. The said requirement does not apply to shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares.

37. In the interest of the shareholders, the Company sends periodical reminders to the shareholders to claim their dividends in order to avoid transfer of dividends/shares to IEPF Authority. Notices in this regard are also published in the newspapers and the details of

unclaimed dividends and shareholders whose shares are liable to be transferred to the IEPF Authority, are uploaded on the Company's website <http://www.hpthreads.com/corporate-information.php>. The said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link: www.iepf.gov.in.

38. The Members are requested to claim their unclaimed/unpaid dividend by sending an email to cs@hpthreads.com or info@alankit.com, well within the permissible time period.

Due dates for transfer of unclaimed/unpaid dividends for the financial year 2014-15 and thereafter to IEPF:

FY ended	Declaration Date	Due Date
March 31, 2015	September 24, 2015	October 23, 2022
March 31, 2016	September 23, 2016	October 22, 2023
March 31, 2018	September 22, 2018	October 21, 2025

39. In light of the aforesaid provisions, the Company has, during the year under review, transferred to IEPF the unclaimed dividends outstanding for seven consecutive years of the Company. Further, shares of the Company, in respect of which dividend has not been claimed for seven consecutive years or more from the date of transfer to unpaid dividend account, have also been transferred to the demat account of IEPF Authority.

The details of unclaimed dividends and shares transferred to IEPF during the FY 2021-22 are as follows:

Financial Year	Amount of unclaimed dividend transferred (in Rs.)	Number of shares transferred
March 31, 2014	141,928	6,544

40. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an application to the IEPF Authority, in Form No. IEPF-5 available on www.iepf.gov.in and sending a copy of the same, duly signed to the Company at cs@hpthreads.com, along with requisite documents enumerated in the Form No. IEPF-5. No claims shall lie against the Company in respect of the dividend/shares so transferred. The Members / Claimants can file only one consolidated claim in a financial year as per the IEPF Rules.

GENERAL INFORMATION FOR SHAREHOLDERS:

41. If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).
42. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.
43. The Board of Directors of the Company has appointed Mr. Mukesh Siroya (Membership No. F5682; CoP No. 4157) Proprietor of M/s. M Siroya and Company, Practicing Company Secretaries or failing him Ms. Bhavyata Acharya (Membership No. A25734; CoP No. 21758), Practicing Company Secretary, as Scrutiniser to scrutinise the remote e-voting process and voting during the AGM in a fair and transparent manner and they have communicated their willingness to be appointed and will be available for the said purpose.
44. The voting results declared along with the report of the scrutinizer shall be placed on the Company's website and communicated to the Stock exchange immediately after the declaration of result by the Chairman or a person authorised by him in writing.
45. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the members in respect of the shares held by them. Member(s) holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Transfer Agent, Alankit Assignments Ltd. (RTA). In respect of shares held in dematerialized form, the nomination form may be filed with the respective Depository Participant.
46. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts and arrangements in which directors are interested maintained under Section 189 of the Companies Act, 2013 and the relevant documents referred to in the Notice, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available electronically for

inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an email to cs@hpthreads.com.

47. Members holding shares in physical form, in identical order of names, in more than one folio, are requested to send to the Company or RTA, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
48. As per Regulation 40 of the Listing Regulations and notification issued by SEBI in this regard, the securities of listed companies can be transferred only in dematerialised form with effect from April 1, 2019, except in case of transmission or transposition of securities. In view of the above and to avail various benefits of dematerialisation, members are advised to dematerialise shares held by them in physical form. In case any clarification is needed in that regard, Members can contact the Company's RTA.
49. Members holding shares in dematerialised mode are requested to intimate all changes pertaining to their bank details/NECS/mandates, nominations, power of attorney, change of address/name, e-mail address, Permanent Account Number ('PAN') details, etc. to their Depository Participant only and not to the Company's RTA. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and its RTA to provide efficient and better service to the members.

In case of members holding shares in physical form, such information is required to be provided to the Company's RTA.

50. Non-Resident Indian Members are requested to inform the Company's Registrar & Transfer Agent (RTA) immediately:
- The particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank, if not furnished earlier.
 - Any change in their residential status on return to India for permanent settlement.
51. The Securities and Exchange Board of India ('SEBI') has mandated the submission of Permanent Account Number ('PAN') by every participant in securities market. Members holding shares in electronic mode are, therefore, requested to submit their PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical mode can submit their PAN to the Company/RTA.
52. In all correspondence with the Company and/or the RTA, members are requested to quote their folio number and in case their shares are held in the dematerialised form, they must quote their DP ID and Client ID number for easy reference and speedy disposal thereof.

Explanatory Statement Pursuant to Sections 102 of the Companies Act, 2013

Item No. 4

In accordance with the provisions of Section 149 read with Schedule IV to the Act and Regulation 17 of SEBI (Listing and Obligations and Requirements) Regulations, 2015 ("SEBI LODR Regulations"), appointment of an Independent Director requires approval of members. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors has proposed that Mr. Vikram Sumatilal Sheth (DIN: 03349632) be appointed as an Independent Director on the Board of the Company for a term of 5 (five) consecutive Years from April 30, 2022 till April 29, 2027.

The appointment of Mr. Vikram Sumatilal Sheth (DIN: 03349632), shall be effective upon approval/confirmation by the members in the Meeting.

The Company has received a notice in writing from a member under Section 160 of the Act proposing the candidature of Mr. Vikram Sumatilal Sheth for the office of Director of the Company. Mr. Vikram Sumatilal Sheth is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Mr. Vikram Sumatilal Sheth that he meets the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and & Regulation 16(1)(b) under the SEBI LODR Regulations. In the opinion of the Board, Mr. Vikram Sumatilal Sheth is a person of integrity, possesses relevant expertise / experience and fulfils the conditions for his appointment as an Independent Director as specified in the Act and the SEBI LODR Regulations. Mr. Vikram Sumatilal Sheth is independent of the management and possesses appropriate skills, experience and knowledge.

Details of Mr. Vikram Sumatilal Sheth are provided in the "Annexure-A" to the Notice, pursuant to the provisions of (i) SEBI LODR Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Electronic Copy of draft letter of appointment of Mr. Vikram Sumatilal Sheth setting out the terms and conditions of his appointment is available for inspection by the members of the Company. Please refer to Note No. 46 given in the Notice on inspection of documents.

He shall be paid remuneration by way of fee for attending meetings of the Board or Committees thereof or for any other purpose as may be decided by the Board, reimbursement of expenses for participating in the Board and other meetings within the limits stipulated under Section 197 of the Act.

It is proposed to authorize the Board of Directors (the "Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board), to alter and vary the terms and conditions of his appointment and/or remuneration or any part thereof, from time to time in accordance with the applicable provisions of the Companies Act, 2013, rules framed thereunder and SEBI LODR Regulations.

Mr. Vikram Sumatilal Sheth is interested in the resolution set out at Item No. 4 of the Notice with regard to his appointment. Relatives of Mr. Vikram Sumatilal Sheth may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

This statement may also be regarded as an appropriate disclosure under the SEBI LODR Regulations.

Given his experience, the Board considers it desirable and in the interest of the Company to have Mr. Vikram Sumatilal Sheth on the Board of the Company and accordingly the Board recommends the appointment of Mr. Vikram Sumatilal Sheth as an Independent Director as proposed in the Resolution set out at Item No. 4 of the accompanying Notice for approval by the Members.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the members.

Item No. 5

In accordance with the provisions of Section 149 read with Schedule IV to the Act and Regulation 17 of SEBI (Listing and Obligations and Requirements) Regulations, 2015 ("SEBI LODR Regulations"), appointment of an Independent Director requires approval of members. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors has proposed that Mr. Siddharth Agrawal (DIN: 09693278), be appointed as an Independent Director on the Board of the Company for a term of 1 (one) year from August 10, 2022 till August 09, 2023.

The appointment of Mr. Siddharth Agrawal (DIN: 09693278), shall be effective upon approval/confirmation by the members in the Meeting.

The Company has received a notice in writing from a member under Section 160 of the Act proposing the candidature of Mr. Siddharth Agrawal for the office of Director of the

Company. Mr. Siddharth Agrawal is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Mr. Siddharth Agrawal that he meets the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and & Regulation 16(1)(b) under the SEBI LODR Regulations. In the opinion of the Board, Mr. Siddharth Agrawal is a person of integrity, possesses relevant expertise / experience and fulfils the conditions for his appointment as an Independent Director as specified in the Act and the SEBI LODR Regulations. Mr. Siddharth Agrawal is independent of the management and possesses appropriate skills, experience and knowledge.

Details of Mr. Siddharth Agrawal are provided in the "Annexure-A" to the Notice, pursuant to the provisions of (i) SEBI LODR Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Electronic Copy of draft letter of appointment of Mr. Siddharth Agrawal setting out the terms and conditions of his appointment is available for inspection by the members of the Company. Please refer to Note No. 46 given in the Notice on inspection of documents.

He shall be paid remuneration by way of fee for attending meetings of the Board or Committees thereof or for any other purpose as may be decided by the Board, reimbursement of expenses for participating in the Board and other meetings within the limits stipulated under Section 197 of the Act.

It is proposed to authorize the Board of Directors (the "Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board), to alter and vary the terms and conditions of his appointment and/or remuneration or any part thereof, from time to time in accordance with the applicable provisions of the Companies Act, 2013, rules framed thereunder and SEBI LODR Regulations.

Mr. Siddharth Agrawal is interested in the resolution set out at Item No. 5 of the Notice with regard to his appointment. Relatives of Mr. Siddharth Agrawal may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

This statement may also be regarded as an appropriate disclosure under the SEBI LODR Regulations.

Given his experience, the Board considers it desirable and in the interest of the Company to have Mr. Siddharth Agrawal on the Board of the Company and accordingly the Board recommends the appointment of Mr. Siddharth Agrawal as an Independent Director as proposed in the Resolution set out at Item No. 5 of the accompanying Notice for approval by the Members.

The Board commends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the members.

Item No. 6

Mr. Kailash Kumar Agarwal (DIN: 00063470) was re-appointed as Managing Director designated as Chairman and Managing Director of the Company by the Board of Directors in its meeting held on July 06, 2020

And the Shareholders of the Company on August 30, 2020 had, inter-alia, approved the following by way of postal ballot:

- (i) Re-appointment of Mr. Kailash Kumar Agarwal as Managing Director for a period of 5 years commencing from August 6, 2020; and
- (ii) Approved remuneration payable to Mr. Kailash Kumar Agarwal as Managing Director in terms of Section 197 and Schedule V read with SEBI (Listing and Obligations and Requirements) Regulations, 2015 ("SEBI LODR Regulations") for a period of 3 years from April 1, 2020 to March 31, 2023 (including the period commencing from April 1, 2020 to August 5, 2020 of the previous tenure).

Therefore, it is necessary to seek approval of shareholders for payment of remuneration, including proposed revision, in terms of Section 197 and Schedule V read with SEBI LODR Regulations for the remainder of the term from September 01, 2022 and ending on August 5, 2025.

Therefore, subsequent to the declaration of the annual audited financial results for the financial year ended March 31, 2022 in the Board meeting held on May 09, 2022, the Companies net worth for the financial year ended March 31, 2022 exceeds the limit as mentioned in the Regulation 15(2) of SEBI LODR Regulations. Therefore, the Company needs to comply with the Corporate Governance provisions of SEBI LODR Regulations.

In accordance with the Regulation 17(6)(e) of SEBI LODR Regulations, the fees or compensation payable to executive directors who are promoters or members of promoter group shall be subject to approval of Shareholders by Special Resolution if:

- i. the annual remuneration payable to such executive director exceeds rupees 5 crores or 2.5 per cent of the net profits of the listed entity, whichever is higher; or
- ii. where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity

Therefore, subsequent to the applicability of Regulation 17(6)(e) of SEBI LODR Regulations, the shareholders are required to approve the remuneration of Mr. Kailash Kumar Agarwal, Managing Director designated as Chairman and Managing Director of the Company by passing the Special Resolution on the recommendation of Audit Committee, Nomination and Remuneration Committee and Board of Directors.

The remuneration payable to Mr. Kailash Kumar Agarwal is commensurate with his abilities and experience and accordingly the Board of Directors recommend passing of the Special Resolution as set out in Item No. 6 of this Notice.

The Nomination and Remuneration Committee, Audit Committee and the Board have at their respective meeting(s) held on August 10, 2022, subject to the approval of the members of the Company, accorded their approvals for payment of aforesaid remuneration to Mr. Kailash Kumar Agarwal w.e.f. September 01, 2022 for the remainder of his tenure upto August 05, 2025. The Board also, in the interest of the Company, recommends the aforesaid resolution as set out in this Notice for approval of the Members at item no. 6.

For this purpose, Special Resolution is required to be passed in the General Meeting and accordingly, your approval is solicited by way of Special Resolution.

The Board of Directors recommend passing of the Special Resolution as set out in Item No. 6 of this Notice.

Save and except Mr. Kailash Kumar Agarwal, Managing Director and Mr. RaghavKumar Agarwal, Executive Director, CEO and CFO and their relatives to the extent of their respective shareholding interest, if any, in the Company for Item no. 6 none of the other Directors / Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out in Item no. 6.

The information as required to be disclosed under paragraph (iv) of the second proviso of Paragraph B of Section II of Part II of Schedule V to the Companies Act, 2013 is given in the Annexure – B to the Notice in respect of Mr. Kailash Kumar Agarwal.

Item No. 7

Mr. Raghavkumar Agarwal (DIN: 02836610) was appointed as a Whole Time Director (Executive Director) of the Company for a period of five years with effect from May 30, 2019 till May 29, 2024, the Shareholders of the Company on November 08, 2019 had, inter-alia, approved the appointment of Mr. RaghavKumar Agarwal as Executive Director, Chief Executive Officer & Chief Financial Officer (ED, CEO & CFO) of the Company for a period of 5 years commencing from May 30, 2019.; and

Further, the Shareholders of the Company on August 30, 2020 by way of postal ballot had, inter-alia, approved a revision in remuneration payable to Mr. RaghavKumar Agarwal as ED, CEO & CFO in terms of Section 197 and Schedule V read with SEBI (Listing and Obligations and Requirements) Regulations, 2015 ("SEBI LODR Regulations") for a period of 3 years from April 1, 2020 to March 31, 2023.

Therefore, it is necessary to seek approval of shareholders for payment of remuneration in terms of Section 197 and Schedule V read with SEBI LODR Regulations for the remainder of the term from September 01, 2022 and ending on May 29 2024.

Therefore, subsequent to the declaration of financial results for the financial year ended March 31, 2022 in the Board meeting held on May 09, 2022, the Companies net worth for the financial year ended March 31, 2022 exceeds the limit as mentioned in the Regulation 15(2) of SEBI LODR Regulations. Therefore, the Company needs to comply with the Corporate Governance provisions of SEBI LODR Regulations.

In accordance with the Regulation 17(6)(e) of SEBI LODR Regulations, the fees or compensation payable to executive directors who are promoters or members of promoter group shall be subject to approval of Shareholders by Special Resolution if:

- iii. the annual remuneration payable to such executive director exceeds rupees 5 crores or 2.5 per cent of the net profits of the listed entity, whichever is higher; or
- iv. where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity

Therefore, subsequent to the applicability of Regulation 17(6) (e) of SEBI LODR Regulations, the shareholders are required to approve the remuneration of Mr. Raghavkumar Agarwal, Whole-Time Director designated as Executive Director, CEO & CFO of the Company by passing the Special Resolution on the recommendation of Audit Committee, Nomination and Remuneration Committee and Board of Directors.

The Nomination and Remuneration Committee, Audit Committee and the Board have at their respective meeting(s) held on August 10, 2022, subject to the approval of the members of the Company, accorded their approvals for payment of aforesaid remuneration to Mr. RaghavKumar Agarwal w.e.f. September 01, 2022 for the remainder of his tenure upto May 29, 2024. The Board also, in the interest of the Company, recommends the aforesaid resolution as set out in this Notice for approval of the Members at item no. 7.

In view of the performance and tireless efforts of Mr. Raghavkumar Agarwal in establishing many new internal projects, improving the operational efficiency, achieving a record consolidated and export turnover of the Company in a short span, and bringing in a new dynamic vision, road-map and professionalism for growth and re-alignment.

For this purpose, Special Resolution is required to be passed in the General Meeting and accordingly, your approval is solicited by way of Special Resolution.

The Board of Directors recommend passing of the Special Resolution as set out in Item No. 7 of this Notice.

Save and except Mr. Kailash Kumar Agarwal, Managing Director and Mr. RaghavKumar Agarwal, Executive Director, CEO and CFO and their relatives to the extent of their respective shareholding interest, if any, in the Company for Item no. 7, none of the other Directors / Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out in Item no. 7.

The information as required to be disclosed under paragraph (iv) of the second proviso of Paragraph B of Section II of Part II of Schedule V to the Companies Act, 2013 is given in the Annexure – B to the Notice in respect of Mr. RaghavKumar Agarwal.

Annexure - A

Details of the Directors retiring by rotation/ appointment / re-appointment at the Annual General Meeting

[Pursuant to Regulations 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings]

Name	Mr. Raghavkumar Agarwal	Mr. Vikram Sumatilal Sheth	Mr. Siddharth Agrawal
Directors Identification Number (DIN)	02836610	03349632	09693278
Date of Birth	05-10-1986	16-04-1972	01-09-1988
Age	35 years	50 years	33 years
Nationality	Indian	Indian	Indian
Qualification	Bsc. in Management Science from Warwick Business School, University of Warwick, U K.,	BE (Chemical Plant Engineering) from University of Mumbai and Masters in Management Studies (MMS) from NMIMS (University of Mumbai)	B.B.A LL.B and Masters in Law from LSE, London
Brief Profile	He holds a Bachelor Degree in Management Sciences, from Warwick Business School, University of Warwick, England, UK. He completed his industrial training in textiles from Manchester and he is the current CEO and Executive Director of the company.	He comes with more than 25 years of experience in the financial services space. He has assisted corporates in raising funds of more than USD 3 billion in the form of equity/debt. His previous stints include working with ICICI Securities, Edelweiss, and Religare, where he held leadership positions for their investment banking practice. Mr. Vikram is currently focussed as a Director on NewAge Stratfin Advisors Private Limited to build their Investment Banking platform. Mr. Vikram is also a visiting faculty member at NMIMS, a prestigious B-School in India. He served as an Independent Director on the Board of PNBISL.	Mr. Siddharth Agrawal is an Advocate by profession. He has more than 10 years of experience in arbitration, civil and commercial litigation. His practice encompasses advising and representing parties in international arbitration matters and in arbitration matters seated in India. He has worked with various top law firms of India. He is also an Advocate-on-Record, Supreme Court of India and regularly appear before the Supreme Court of India, Delhi High Court and Tribunals.
Terms and conditions of appointment and re-appointment	Liable to Retire by Rotation	Not Liable to Retire by Rotation	Not Liable to Retire by Rotation
In case of independent directors, the skills and capabilities required for the role and the manner in which the proposed person meets such requirements	NA	The Nomination and Remuneration Committee had identified amongst others, Corporate Finance, Risk Management, implementation of strategy as the key skills and capabilities for the role. Considering the qualification, rich experience and expertise of Mr. Vikram, he possesses the requisite skills and capabilities required for the role of Independent Director of the Company	The Nomination and Remuneration Committee had identified amongst others, Litigation, policy making and Operations as the key skills and capabilities for the role. Considering the qualification, rich experience and expertise of Mr. Siddharth, he possesses the requisite skills and capabilities required for the role of Independent Director of the Company

Name	Mr. Raghavkumar Agarwal	Mr. Vikram Sumatilal Sheth	Mr. Siddharth Agrawal
Expertise in Specific Area	Continuing as the CEO & CFO of the company since the last 6 years, having more than 16 years of experience in Textile Industry	He specializes in advising corporates and promoters on finance related issues.	He specializes in arbitration, civil and commercial litigation.
Date of first appointment on the Board of the Company	30.05.2019	30.04.2022	10.08.2022
Directorship in other limited companies (excluding HP Cotton Textile Mills Limited)	1. Achhar Investments Limited 2. Sailesh Textile Mfg Co Ltd 3. Jainish Products Limited 4. Sacred Trading and Investment Company Limited	Nil	Nil
Name of listed entities from which the person has resigned in the past three years	Nil	Nil	Nil
Relationship with other Directors and Key Managerial Personnel	Son of Mr. Kailash Kumar Agarwal	Nil	Nil
Membership/Chairmanship of committee of Directors of other companies	Nil	Nil	Nil
No. of Share held as on 31-03-2022 either by self or as a beneficial owner	86,068	Nil	Nil
Number of Meetings of the Board attended during the financial year 2021-22	7 (Seven)	Not Applicable	Not Applicable
Remuneration last drawn (FY 2021-22) (including sitting fees, if any)	124.11 lacs	Nil	Nil
Details of remuneration sought to be paid	As per existing approved terms and conditions	As per the resolution at Item No. 4 of the Notice convening this Meeting read with explanatory statement thereto	As per the resolution at Item No. 5 of the Notice convening this Meeting read with explanatory statement thereto

By Order of the Board of Directors

Sd/-

Shubham Jain

Membership Number: A49541
Company Secretary & Compliance Officer

New Delhi,
August 10, 2022

Registered office:

15th K.M. Stone, Delhi Road,
V.P.O. Mayar, Hisar – 125044
Email id: cs@hpthreads.com
Website: www.hpthreads.com
Tel: +91 11 41540471/72/73

Annexure - B

The Statement Containing Additional Information as Required Under Schedule V of the Act in Respect to Resolution No. 6 and 7 of the Notice

I. GENERAL INFORMATION:

1. Nature of Industry:

Established in 1981, HP Cotton Textile Mills Limited (HP Cotton), as a part of Dora Group, a leading textile group of India, specializes in manufacturing cotton yarns and threads with its integrated manufacturing plant at Hisar, and Corporate Office at New Delhi. The company is the largest exporter of Cotton Sewing Thread, exporting to more than 30 countries worldwide being a leader in its product segment globally.

2. Date or expected date of commencement of commercial production:

The Company was incorporated on September 03, 1981 and the Certificate of Commencement of Business was granted on January 05, 1982. Since then, the Company had commenced its business.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not Applicable

4. Financial performance based on given indicators:

(₹ In lacs)

Financial year	2021-22	2020-21	2019-20
Gross Revenue	13,449.82	9,788.69	8,363.08
Profit before Interest, Depreciation and Tax	1,565.72	1,068.58	632.08
Profit after Tax	703.96	359.76	33.93
Rate of Dividend	10%	Nil	Nil
Earning per Share	18.48	9.46	0.90

5. Foreign investments or collaborations, if any:

The Company has not entered into any material foreign collaboration and no direct capital investment has been made in the Company during the previous three financial years. The foreign investors, mainly comprising FIIs and NRIs are investors in the Company on account of past issuances of securities and/or secondary market purchases. As on June 30, 2022, the aggregate foreign shareholding in the Company was approx 0.49%.

II. INFORMATION ABOUT THE APPOINTEE(S):

1. Mr. Kailash Kumar Agarwal, Chairman and Managing Director

a) Background details, Job Profile and his suitability:

Mr. Kailash Kumar Agarwal holds LLB (Bachelor in Law) Degree from Delhi University and a Bachelor Degree in Commerce from the University of Calcutta, is one of the Founder Directors and Promoter of HP Cotton.

Being one of the First Directors of the company, he has been serving the company for more than 3 decades, and guided the company through various ups and downs since its inception more than 41 years ago.

He is also the Chairman and Managing Director of HP Cotton with 38 years' experience with HP Cotton itself, starting his textile journey from garments and hosiery knitwear division in Dora Undergarments. He has an immense experience technically and commercially in the company's product segments, and with his contribution to the company becoming a leader in its products segment not only in India but globally. With his experience and knowledge, Company has reached various milestones in achieving a record growth in export of the Company, thereby continuing its leading position in the cotton thread segment worldwide and is continuous guiding light to the company's new vision of achieving greater heights in the textile industry.

b) Past remuneration and remuneration proposed:

Details on proposed remuneration have been stated in Resolution no. 6 of the Notice. In monetary terms, the remuneration for the last 3 financial years is given hereunder:

(₹ In lacs)

Financial Year	2021-22	2020-21	2019-20
Mr. Kailash Kumar Agarwal	172.96	125.07	24.57

c) Recognition or awards:

He was a recipient of Udyog Rattan Award in 2016 conferred by the Institute of Economic Studies.

d) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of origin):

Taking into consideration the size of the Company, the profile of the Managing Director, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate and modest and is less than the remuneration packages paid to similar senior levels in other companies.

e) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel or other director, if any:

Mr. Kailash Kumar Agarwal has no pecuniary relationship with the Company or its Key Managerial Personnel other than his remuneration in the capacity of the Managing Director. As on date of this notice, he holds 5,43,158 shares in the Company in his personal capacity and is the Significant Beneficial Owner and a promoter of the Company.

2. Mr. RaghavKumar Agarwal, Whole-Time Director

a) Background details, Job Profile and his suitability:

Mr. RaghavKumar Agarwal, a Bsc in Management Sciences, from Warwick Business School, University of Warwick, England, UK. He completed his industrial training in textiles from Manchester and he is the current CEO and Executive Director of the company. He has been full-time associated with the Company for more than 7 years now. He has been instrumental in transforming the Company's vision dynamically with the introduction of technology and modern manufacturing techniques and harnessing the human capital of the Company, with a core focus on achieving highest levels of efficiencies and has a strong vision for sustainable growth for the Company being achieved through economic, social and environmental sustainability.

He has also been the serving as the CFO of the Company as an additional responsibility for the last few years.

His passion, commitment, knowledge and the dynamic approach towards the business, has resulted in tangible and intangible gains for the Company.

b) Past remuneration and remuneration proposed:

Details on proposed remuneration have been stated in Resolution no. 7 of the Notice. In monetary terms, the remuneration for the last 3 financial years is given hereunder:

(₹ In lacs)

Financial Year	2021-22	2020-21	2019-20
Mr. RaghavKumar Agarwal	124.11	99.38	17.81

c) Recognition or awards:

Nil

d) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of origin):

Taking into consideration the size of the Company, the profile of the Whole-Time Director, CEO & CFO, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate and modest and is less than the remuneration packages paid to similar senior levels in other companies.

e) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:

Mr. RaghavKumar Agarwal has no pecuniary relationship with the Company or its Key Managerial Personnel other than his remuneration in the capacity of the Executive Director, CEO & CFO. As on date of this notice, he holds 86,068 shares in the Company in his personal capacity and is the son of Mr. Kailash Kumar Agarwal, Managing Director and Promoter of the Company.

III. OTHER INFORMATION:

1. Reason of loss or inadequate profits:

Although the Company has posted a nominal profit, the profits are still inadequate as per the provisions of the act. The main reason for inadequacy is due to economic slowdown in certain markets worldwide and devaluation of their currencies leading to lesser demand from the markets in the year, thereby reducing the performance of the Company.

2. Steps taken or proposed to be taken for improvement:

The Company is making continuous efforts to add new geographies markets to its market portfolio, focussed on new product development, and lastly further seriously looking at technology upgradation to be at par with modern cost efficiency standards and benchmarks, besides de-bottlenecking and adding new allied product lines.

3. Expected increase in productivity and profits in measurable terms:

With increasing market portfolio and technology upgradation, the business is expected to improve in the coming financial year. With the introduction of new products and addition of geographies, the company is seeing a significant increase in demand for its products from global markets, also enhanced by quicker turnaround time. The management is cautiously optimistic towards the external economic environment and expects consumer demand to become more

consistent and robust in the current financial year. Further, various policy decisions taken would act as growth channel for the Company which would contribute in increased revenues and higher margins.

By Order of the Board of Directors

Sd/-
Shubham Jain

Membership Number: A49541
Company Secretary &
Compliance Officer

New Delhi,
August 10, 2022

Registered office:

15th K.M. Stone, Delhi Road,
V.P.O. Mayar, Hisar – 125044
Email id: cs@hpthreads.com
Website: www.hpthreads.com
Tel: +91 11 41540471/72/73

Management Discussion and Analysis

OVERVIEW

The objective of this report is to convey the Management's perspective on the external environment and textile industry, as well as the Company's strategy, operating and financial performance, material developments in human resources and industrial relations, risks and opportunities and internal control systems and their adequacy during the financial year 2021-22.

ECONOMY REVIEW

Global Economy

Economic recovery was impacted in 2021 by the re-emergence of COVID-19 infections in different parts of the world, in varying magnitudes. As the new Omicron COVID-19 variant spread, countries reimposed mobility restrictions. Rising energy prices and supply disruptions have resulted in higher and more broad-based inflation than anticipated, notably in the United States and many emerging markets and developing economies. Vaccination programmes were rapid and effective in most advanced economies, while in many emerging markets and developing economies the vaccination pace was sluggish. Further, the ongoing retrenchment of China's real estate sector and slower-than-expected recovery of private consumption and the ongoing tension between Russia and Ukraine have limited the growth prospects.

Elevated inflation is expected to persist longer, with ongoing supply chain disruptions and high energy prices continuing in 2022. Moreover, supply chain disruptions, energy price volatility, and localised wage pressures have enhanced the uncertainty around inflation and policy paths. Other global risks may crystallize with the surging geopolitical tensions, and the ongoing adverse climate conditions leading to the probability for natural disasters.

With the pandemic continuing to maintain its grip, the emphasis on an effective global health strategy is more salient than ever. Worldwide access to vaccines, tests, and treatments has become essential to mitigate the risks posed by new variants of COVID-19. Monetary policy in many countries will need to curb inflationary pressures, while fiscal policy will need to prioritise health and social spending.

In this context, the global economy is projected to grow at 3.6% in 2022 and 2023. The United States is projected to grow by 3.7% in 2022 and 2.3% in 2023 while the United Kingdom is projected to grow by 3.7% in 2022 and 1.2% in 2023. The IMF projects a growth rate of 8.2% for India

in 2022 and 6.9% in 2023 while China is projected to grow by a modest rate of 4.4% in 2022 rising to 5.1% in 2023. Emerging and Developing Asia is projected to grow by 5.4% in 2022 and 5.6% in 2023.

(Source: IMF – World Economic Outlook – April 2022).

Indian Economy

India is expected to remain one of the fastest-growing major economies in the world. The size of the economy, based on current prices in dollar terms, was estimated to be USD 3.1 trillion in 2022. India is chasing a target of becoming a USD 5 trillion economy by 2025, as the government pushes ahead with various economic reforms to drive manufacturing capacity and domestic consumption. The global supply chain vacuum caused by geo-political changes works in India's favour and is expected to add impetus to the economic growth trajectory as India becomes a key natural choice for sourcing.

India is on the path to a sustained economic recovery led by the vigorous countrywide vaccination drive which helped to reduce the severity of the third wave with minimal disruptions to mobility and economic activity. The Government's policy to improve logistics infrastructure, incentives to facilitate industrial production, asset monetisation, taxation, telecom and banking sectors, and measures to improve farmers' income will support the country's accelerated recovery in future. The Union Budget 2022 further aided economic growth prospects with a strong focus on boosting government capex and revive private sector investments. Also, Production Linked Incentive (PLI) schemes were extended with additional fund allocation to support large-scale manufacturing in India. According to the Reserve Bank of India, the GDP growth for FY 2022-23 is projected at 7.2%. Uncertainties stemming from volatile geopolitical situation, surge in international energy and commodity prices, supply-side disruptions, tightening of global financial conditions and weak external demand pose risks to these assumptions.

(Source: NSO, RBI)

INDUSTRY REVIEW

Global Textile Industry

The global textile market stood at a value of around USD 1002.4 billion in 2020. The market is further expected to grow at a CAGR of 4.5% in the forecast period of 2022-2027 to attain a value of around USD 1305.4 billion by 2026.

Based on product type, the natural fibres segment accounts for a significant share in the market and is likely to witness significant growth in the forecast period. This can be attributed to the fact that clothes made of natural fibres are skin-friendly, comfortable, and environment-friendly. Over the forecast period, the rising awareness about the skin-friendly properties of the product is likely to bolster the market growth. Further, the market is expected to be aided by the changing consumer preference towards expensive and high-quality clothing. Meanwhile, the polyester segment is anticipated to gain traction in the forecast period, owing to the durability and lightweight of the product.

The textile industry in the Asia Pacific is expected to witness significant growth driven by the thriving fashion and clothing industry in countries like India, China, and Vietnam, among others. Over the forecast period, the growing trade agreements between various countries to support the textile sector are likely to aid the market in the region.

Indian Textile Industry

India's textiles sector is one of the oldest industries in the Indian economy, dating back to several centuries. The industry is extremely varied, with hand-spun and hand-woven textiles sectors at one end of the spectrum and the capital-intensive sophisticated mills sector on the other end. The decentralised power looms/ hosiery and knitting sector forms the largest component in the textiles sector.

India's textiles industry has around 4.5 crores employed workers including 35.22 lacs handloom workers across the country. Exports of textiles (RMG of all textiles, cotton yarns/fabs/made-ups/handloom products, man-made yarns/fabs/made-ups, handicrafts excluding handmade carpets, carpets and jute mfg. including floor coverings) stood at USD 29.8 billion between April-December 2021. The Indian textiles market is expected to be worth more than USD 209 billion by 2029.

The Indian government has come up with several export promotion policies for the textiles sector. It has also allowed 100% FDI in the sector under the automatic route. The ₹ 10,683 crores (US\$ 1.44 billion) PLI scheme is expected to be a major booster for textile manufacturers. The scheme proposes to incentivise MMF (man-made fibre) apparel, MMF fabrics and 10 segments of technical textiles products. (Source: IBEF- Textile Industry Report - March 2022)

Besides, the direct impact of COVID-19 induced lockdowns, the pent-up demand in the post covid recovery period, continuing supply chain disruption issues, leading to a significant inflation in most of the developed economies and the subsequent Ukraine-Russia conflict which halted recoveries in most of the developed economies and further

fueled inflation aggressively, due to a substantial dependency of energy and food grain sources on Russia & Ukraine, another issue which has caused substantial disruption in the textile industry is the abnormal unprecedented increase in Raw Cotton Prices.

Prices of Raw Cotton steadily started rising with the US embargo on the Chinese Xinjiang Cotton, which accounted for more than 18% of World's Cotton supply, effectively leaving the world's supply short by 18% and pent up demand from all major economies for cotton textiles, supply pipelines refilling, and post lockdown pent up retail demand. A combination of the two, together with imposition of 10% import duty on import of Raw Cotton into India in February 2021, further pushed the prices of Indian and international cotton upwards to double the pre-covid levels around August 2021. The increased in Raw Cotton prices were in sync globally and therefore, the Indian textile and the value added segments and exporters were able to pass on the increases to the end users comfortably, however a further abnormal increase by almost 100% from August 2021 to April – May 2022, specially in India, where the prices have been higher by a minimum of 30%, compared to global prices, has brought about a challenging time for the cotton value chain specially for the exporters of cotton textiles in the short term.

Pro-active engagement of the Indian cotton stakeholders and decision makers has certainly helped in controlling the situation to a certain extent, however, active dialogue and engagement is still required amongst the decision makers and the stakeholders to introduce measures and policies to restrict speculation and manipulation in cotton prices for the benefit of the entire cotton textile value chain.

BUSINESS REVIEW

H.P. Cotton Textile Mills operates in only one segment i.e. manufacturing of Threads. The Company deals in production of two types of thread i.e. Sewing Threads and Hosiery Yarn.

PRODUCTION

During FY 2021-22, the total production of the Company increased by 22.17% over the previous year. The production of Sewing Threads increased by 22.62% over the previous year, to stand at 15,60,918 kg as compared to the previous year's level of 12,72,954 kg. The Company has not produced Hosiery Yarn during the year under review.

(in Kg)			
Financial Year	Sewing Thread	Hosiery Yarn	Total
2021-22	15,60,918	Nil	15,60,918
2020-21	12,72,954	4,674	12,77,628
2019-20	10,46,554	3,62,590	14,09,144

SALES

During FY 2021-22, the Company's total turnover increased by 36.88% over the previous financial year. This is attributable to the increased focus and success in the value-added export segment. The sale of Sewing Threads increased by 36.74 % over the previous year, taking it to ₹ 12,371.28 lacs as compared to the previous year level of ₹ 9,047.05 lacs. The Company has not sold Hosiery Yarn during the year under review due to captive consumption.

Financial Year	Domestic		Export		Total
	Sewing Thread	Hosiery Yarn	Sewing Thread	Hosiery Yarn	
2021-22	1,152.20	-	11,219.08	-	12,371.28
2020-21	490.63	39.90	8,556.42	-	9,086.95
2019-20	868.68	637.21	6,221.26	-	7,727.15

(₹ in lacs)

RISKS AND CONCERNS

The Textile industry and the Company are in significant transformation, and this has naturally resulted in the heightening of risks related to strategic choices, strategy execution along with traditional operational, financial, regulatory and compliance-related risks. The business objectives of the Company are articulated as a set of specific near-term goals, and long-term strategic goals in a corporate scorecard. These goals cover the dimensions of consistent financial performance, market penetration, operational excellence, cost optimisation initiatives, attracting and retaining talent, and the long-term sustainability of the organisation. The Company has framed Risk Management Policy which lays down the framework of Risk Management at the Company.

RISK MANAGEMENT PROCESSES

Risk Identification

Mechanisms for identification of risks include periodical risk surveys across the Company, industry benchmarking, periodic assessments of the business environment, incident analysis, findings of internal audits etc.

Risk Description

The identified Risk is structured in the following categories: Name of Risk, Scope of Risk, Nature of Risk, Quantification of Risk, Risk Tolerance/Appetite, Risk Treatment and control Mechanism, Potential Action for Improvement, Strategy and Policy Development.

Risk Assessment

Risk assessment is the process of risk prioritisation or profiling. Likelihood and impact of risk events have been assessed for the purpose of analysing the criticality. The likelihood of occurrence of risk is rated based on number

of past incidences in the industry, future trends or research available. Risk may be evaluated based on whether they are internal and external, controllable and non-controllable, inherent and residual.

Risk Treatment – Mitigation

Treatment of risk is the process of selecting and implementing measures to mitigate risks. To priorities risk control actions in terms of their potential to benefit the organization. Risk treatment includes risk control/mitigation and extends to risk avoidance, risk transfer (insurance), risk financing, risk absorption, etc.

OPPORTUNITIES AND THREATS

Accelerated reopening of activities have re-opened opportunities for the textile market which was quiet for a long time. Further, the China-plus-one policy by the United States and Europe will lead to increase in demand for the Indian Market. With an added advantage of high quality standards and globally renowned accreditations, and by staying focused on its sustainability vision, the Company is confident of harnessing the unfolding opportunities in the sector.

Currently the biggest threat is the enormous increase in cotton prices leading to high finished good prices. Consumers are therefore shifting their focus from cotton to man-made fibers. Further, increase in prices of other commodities such as coal, dyes and chemicals is also making the industry non-competitive.

HUMAN RESOURCES

At H.P. Cotton Textile Mills, employees are its prime assets and a vital key to its success. The Company is committed to creating a professional culture to nurture and enable people to grow in their careers alongside the Company's success. The Company constantly strives to strengthen its manpower in alignment with the business needs and continues to engage them through various initiatives in the realm of learning & development opportunities, reward & recognition, employee engagement activities and career growth. The number of permanent employees on the rolls of the Company as on March 31, 2022 was 1,668.

The COVID-19 pandemic presented a new set of challenges. Against this backdrop, the Company successfully evolved its people practices for supporting its employees. Vaccination drives were conducted for the employees and vaccination coverage of over 99% was achieved across all locations and businesses.

FINANCIAL REVIEW

During FY 2021-22, the Company recorded a profit after tax of ₹ 703.96 lacs (previous year ₹ 359.76 lacs). The increase is primarily on account of an increase in

revenue and profitability. The basic and diluted earnings for FY 2021-22 were at ₹ 18.48 per share (previous year: ₹ 9.46 per share).

The analysis of major items of the financial statements is given below:

a) Revenue From Operations

	(₹ in lacs)		
	FY 2021-22	FY 2020-21	Change(%)
Revenue from Operations	13,218.74	9,657.08	36.88

b) Export Sales

	(₹ in lacs)		
	FY 2021-22	FY 2020-21	Change(%)
Export Sales	11,219.08	8,556.43	31.12

c) EBITDA

	(₹ in lacs)		
	FY 2021-22	FY 2020-21	Change(%)
Profit before Finance Cost, Depreciation & Amortisation, Exceptional items & Tax Expense	1,565.72	1,068.58	46.52

d) Profit before Tax

	(₹ in lacs)		
	FY 2021-22	FY 2020-21	Change(%)
Profit before Tax	962.06	548.51	75.40

e) Profit after Tax

	(₹ in lacs)		
	FY 2021-22	FY 2020-21	Change(%)
Profit after Tax	703.96	359.76	95.67

f) Earning per Share

	(in ₹)		
	FY 2021-22	FY 2020-21	Change(%)
Earning per Share	18.48	9.46	95.34

g) Property, Plant and Equipment (PPE) including intangibles and right of use assets

	(₹ in lacs)		
	FY 2021-22	FY 2020-21	Change(%)
Property, plant and equipment (PPE) including intangibles & right of use assets	3,924.13	2,362.60	66.09

h) Net Worth

	(₹ in lacs)		
	FY 2021-22	FY 2020-21	Change(%)
Net Worth	3,071.62	2,234.08	37.49

KEY FINANCIAL RATIOS

S. No.	Key Ratios	Units	FY 2022	FY 2021	YOY percent
1.	Debtors Turnover Ratio	Times	8.61	9.71	(11.31) %
2.	Creditors Turnover Ratio	Times	2.31	1.88	22.47 %
3.	Inventory Turnover Ratio	Times	1.81	1.44	25.81 %
4.	Net Capital Turnover Ratio	Times	43.62	31.35	39.11 %
5.	Current Ratio	Times	1.05	1.06	(0.70) %
6.	Interest Coverage Ratio	Times	6.05	5.43	11.42 %
7.	Debt Service Coverage Ratio	Times	5.38	2.68	100.58 %
8.	Debt-Equity Ratio	Times	1.00	0.84	17.91 %
9.	Operating Profit Margin	%	10.10	9.70	4.12 %
10.	Net Profit Margin	%	5.33	3.73	42.95 %
11.	Return on Net Worth	%	26.54	17.40	52.49 %
12.	Return on Investment	%	8.88	7.06	25.66 %

- 1) Inventory Turnover Ratio: Increased primarily on account of an increase in profitability of the Company as compared to the previous year.
- 2) Net Capital Turnover Ratio: Increased primarily on account of an increase in sales and profitability of the Company as compared to the previous year.
- 3) Debt Service Coverage Ratio: Increased primarily on account of an increase in profitability of the Company as compared to the previous year.
- 4) Net Profit Margin: Increased primarily on account of an increase in profitability of the Company as compared to the previous year.
- 5) Return on Net Worth: Increased primarily on account of an increase in profitability of the Company as compared to the previous year.
- 6) Return on Investment: Increased primarily on account of an increase in profitability of the Company as compared to the previous year.

INTERNAL CONTROLS AND THEIR ADEQUACY

The Company maintains adequate and effective Internal Control Systems commensurate with its size and complexity. It believes that these systems provide, among other things, a reasonable assurance that transactions are executed with management authorisation. It also ensures that they are recorded in all material respect to permit preparation of financial statements in conformity with established accounting principles along with the assets of the Company being adequately safeguarded against significant loss or misuse. An independent Internal Audit function is an important element of Company's Internal Control System. This is supplemented through an extensive internal audit program and periodic review by the management and the Audit Committee of Board.

OUTLOOK

The gradual unlocking of the Indian economy after the second wave during the latter part of FY 2021-22 led to a V-shape recovery on the back of pent-up demand, with

several industry segments including steel, automotive, pharmaceutical, chemicals, cement, food and beverages, power, engineering, construction, etc. delivering strong performance.

The extremely successful vaccination program of the Government of India has ensured that over 90% of the country's population has been vaccinated at least the first dose and nearly 70% of the people being fully vaccinated. The ongoing vaccination of the children will further strengthen India in dealing with the pandemic.

The 'Make in India' initiative of the Government and the 2023 Budget proposals are aimed at boosting the contribution made by the manufacturing sector to about 25% of the GDP from the current level of 17%. The Government's budget proposals of spending on infrastructure, highways and giving a significant boost to public capital expenditure, the PLI schemes in several industries, steps to boost the farm income and the focus on labour reforms, etc. are the steps in the right direction to make India a USD 5 trillion economy by 2026.

Besides, the temporary extreme volatility in the prices of raw cotton specially in India, the value added product segment that the company operates in, and the diversified geographies it caters to, provides the company with substantial protection against the cyclical uptrends and downtrends affecting the commodity segments of the cotton textile industry, making the business model sustainable and resilient to temporary disruptions in local and global environments.

CAUTIONARY STATEMENT

Statements in the Management Discussion & Analysis Report describing the projections, estimates, expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations includes, among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

Directors' Report

Dear Members,

Your Directors are pleased to present the Forty-First (41st) Annual Report together with the Company's audited financial statements and the auditors' report thereon for the financial year ended March 31, 2022.

FINANCIAL HIGHLIGHTS

A summary of the Company's financial performance in FY ended March 31, 2022 is as follows:

Particulars	₹ in lacs)	
	March 31, 2022	March 31, 2021
Revenue from operations (net)	13218.74	9657.08
Add: Other Income	231.08	131.61
Total Income	13449.82	9788.69
Profit/(Loss) before Finance Cost, Depreciation & Amortisation, Exceptional items & Tax Expense	1565.72	1068.58
Less: Finance Cost	307.24	248.86
Less: Depreciation and Amortisation Expense	296.42	271.21
Profit before exceptional items & tax Expense	962.06	548.51
Less: Exceptional items	-	-
Profit/(Loss) before Tax Expense	962.06	548.51
Less: Taxation Expense	258.10	188.75
Profit/(Loss) for the year	703.96	359.76
Other Comprehensive Income/(Loss)	7.58	(15.65)
Total Comprehensive Income/(Loss) for the year	711.54	344.11
Earnings per Share (₹)		
Basic	18.48	9.46
Diluted	18.48	9.46

PRODUCTION AND SALES PERFORMANCE

- Sewing Threads

The production of Sewing Threads was increased by 22.62% over previous year taking to 15,60,918 kg as compared to the previous year level of 12,72,954 kg. Further, the product turnover was also increased by 37% over previous year taking to ₹ 12,394.92 lacs as compared to the previous year level of ₹ 9,047.05 lacs.

- Hosiery Yarn

The production of Hosiery Yarn was Nil as compared to the previous year level of to 4,674 kg. Further, the product turnover was Nil as compared to the previous year level of to ₹ 39.90 lacs.

During the year, your Company has achieved a total turnover of ₹ 13218.74 lacs as against ₹ 9657.08 lacs during the corresponding previous financial year. The exports of the Company grew by 30.88 % over previous year taking total exports to ₹ 11080.32 lacs from ₹ 8465.87 lacs.

PROFITABILITY

Profit before finance cost, depreciation and tax for the year under review was ₹ 1565.72 lacs as compared to ₹ 1068.58 lacs in previous year. After providing for depreciation of ₹ 296.42 lacs (Previous Year ₹ 271.21 lacs), finance cost of ₹ 307.24 lacs (Previous Year ₹ 248.86 lacs), tax expense of ₹ 258.10 lacs (Previous Year ₹ 188.75 lacs), the net profit from operations after comprehensive income worked out to ₹ 711.54 lacs as compared to ₹ 344.11 lacs in the previous year.

RESOURCE UTILISATION

1. Fixed Assets:

The Net Block as at March 31, 2022 was ₹ 3,642.60 lacs as compared to ₹ 2,079.97 lacs in the previous year.

2. Current Assets:

The current assets as at March 31, 2022 were ₹ 6,237.22 lacs as against ₹ 5,576.75 lacs in the previous year.

RESERVES

Total reserves and surplus of the Company has been increased to ₹ 2,685.02 lacs on March 31, 2022 as against ₹ 1,853.08 lacs on March 31, 2021.

DIVIDEND

Your Directors are pleased to recommend a final Dividend of ₹ 1 per equity share of face value of ₹ 10/- for the year ended March 31, 2022. Dividend is subject to approval of members at the ensuing annual general meeting and shall be subject to deduction of applicable income tax at source.

SHARE CAPITAL

The Authorised Share Capital of the Company as on March 31, 2022, remains unchanged at ₹ 4,25,00,000 divided into 42,50,000 Equity Shares of ₹ 10 each.

The Issued, Subscribed and Paid-up Equity Share Capital of the Company increased from ₹ 3,81,00,000 consisting of 38,10,000 Equity Shares of ₹ 10/- each to ₹ 3,86,60,000 consisting of 38,66,000 Equity Shares of ₹ 10/- each upon allotment of 56,000 equity shares.

Preferential Issue of Warrants: During the year under review, with the approval of the shareholders at the Extraordinary General Meeting (EGM) held on February 07, 2022 pursuant to applicable provisions of the Companies Act, 2013 read with rules made thereunder, and applicable provisions of the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, the Company had issued and allotted 1,12,000 Share Warrants each convertible into or exchangeable for one fully paid up equity share of ₹ 10 each of the Company on preferential basis. Out of 1,12,000 warrants, 56,000 Warrants has been converted into 56,000 Equity Shares upto March 31, 2022. The issue proceeds were fully utilised by the Company for the purposes/objects as stated in the Offer document and Explanatory Statement to the Notice of the said EGM.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion and Analysis Report for the year under review, in terms of Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") is presented in a separate Section, forming integral part of the Annual Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Directors

During the FY 2021-22, Mr. Mohan Lal Jain (DIN: 00063240) has resigned from the position of Independent Director of the Company w.e.f February 11, 2022.

The Board of Directors at its meeting held on April 30, 2022, appointed Mr. Vikram Sumatilal Sheth (DIN: 03349632) as Additional Director (Non-Executive & Independent) w.e.f. April 30, 2022 for term of five (5) years. Further, Mr. Siddharth Agrawal (DIN:09693278) was also appointed as Additional Director (Non-Executive & Independent) w.e.f. August 10, 2022 for term of one (1) year in the meeting of Board of Directors held on August 10, 2022

In terms of Section 152 of the Act, read with the Companies (Appointment and Qualification of Directors) Rules, 2014, the Board has, on the recommendation of the Nomination and Remuneration Committee, proposed to the Shareholders for the appointment of Mr. Vikram Sumatilal Sheth (DIN: 03349632) and Mr. Siddharth Agrawal (DIN: 09693278) as a Director (Non-Executive & Independent) of the Company, not liable to retire by rotation in the ensuing Annual General Meeting.

The Board of Directors has on the recommendation of the Nomination and Remuneration Committee, approved the revised remuneration of Mr. Kailash Kumar Agarwal, Chairman and Managing Director and Mr. Raghavkumar Agarwal, Executive Director, CEO & CFO of the Company w.e.f September 01, 2022 in its meeting held on August 10, 2022 and recommended to the Shareholders for their approval in the ensuing AGM.

The disclosures required pursuant to Regulation 36 of the SEBI LODR Regulations and the Secretarial Standards on General Meeting ('SS-2') are given in the Notice of this AGM, forming part of the Annual Report.

Key Managerial Personnel (KMP)

In compliance with provisions of Section 203 of the Companies Act, 2013, following are the KMPs of the Company as on March 31, 2022:

S. No.	Name	Designation
1.	Kailash Kumar Agarwal	Chairman and Managing Director
2.	RaghavKumar Agarwal	Whole-Time Director, Chief Executive Officer & CFO
3.	Shubham Jain	Company Secretary

Retire by Rotation

In accordance with the provisions of Section 152 of the Act and Articles of Association of the Company, Mr. Raghavkumar Agarwal (DIN 02836610), Executive Director of the Company, retires by rotation at the conclusion of the forthcoming Annual General Meeting and being eligible, offers himself for reappointment. The Board recommends his appointment for the consideration of the members of the Company at the ensuing Annual General Meeting.

A brief profile, expertise of Director and other details as required under the Act, Secretarial Standard-2 and SEBI LODR Regulations relating to the director proposed to be re-appointed is annexed to the notice convening the AGM.

Declaration by Independent directors under section 149(7)

Your Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as Independent Director during the year under review.

The terms and conditions of appointment of Independent Directors are as per Schedule IV of the Act.

In terms of Section 150 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, Independent Directors of the Company have confirmed that they have registered themselves with the databank maintained by the Indian Institute of Corporate Affairs, Manesar ('IICA'). The Independent Directors are also required to undertake online proficiency self-assessment test conducted by the IICA within a period of 2 (Two) years from the date of inclusion of their names in the data bank, unless they meet the criteria specified for exemption.

Mr. Vikram Sumatilal Sheth Independent Director of the Company has confirmed and declared that he will pass the online proficiency self-assessment test as conducted by IICA within the stipulated time.

Mr. Parshottam Dass Agarwal and Mr. Siddharth Agrawal, Independent Directors of the Company meets the criteria specified for exemption and hence they are not required

to undergo the online proficiency self-assessment test as conducted by IICA.

In terms of Section 149 of the Act and SEBI LODR Regulations, Mr. Parshottam Dass Agarwal, Mr. Vikram Sumatilal Sheth and Mr. Siddharth Agrawal are the Independent Directors of the Company as on date of this report. All Independent Directors of the Company have given requisite declarations under Section 149(7) of the Act, that they meet the criteria of independence as laid down under Section 149(6) of the Act alongwith Rules framed thereunder, Regulation 16(1)(b) of SEBI LODR Regulations and have complied with the Code of Conduct of the Company as applicable to the Board of directors and Senior Managers. In terms of Regulation 25(8) of the SEBI LODR Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence.

In the opinion of the Board, the Independent Directors possess the requisite expertise and experience and are persons of high integrity and repute. They fulfill the conditions specified in the Act as well as the Rules made thereunder and are independent of the management.

BOARD MEETINGS

During the year under review, seven (7) Board Meetings were held on June 09, 2021, August 03, 2021, October 29, 2021, November 10, 2021, January 12, 2022, January 31, 2022 and March 07, 2022. The intervening gap between two Board Meetings was less than the maximum period prescribed under the Act and SEBI LODR Regulations.

The details of composition of the Board and the attendance record of the Directors at the Board Meetings and AGM held during the financial year ended on March 31, 2022 is as under:

Name	Designation	Category	No. of meetings held during tenure	No. of Meetings Attended	Last AGM Attended
Kailash Kumar Agarwal	Chairman and Managing Director	Executive Director	7	7	Yes
Parshotam Dass Agarwal	Director	Non-Executive Independent Director	7	7	Yes
Mohan Lal Jain*	Director	Non-Executive Independent Director	6	6	No
Ritu Bansal	Director	Non-Executive Director	7	7	Yes
RaghavKumar Agarwal	Whole-Time Director, CEO & CFO	Executive Director	7	7	Yes
Vikram Sumatilal Sheth**	Additional Director	Non-Executive Independent Director	NA	NA	NA
Siddharth Agrawal***	Additional Director	Non-Executive Independent Director	NA	NA	NA

*Ceased w.e.f. February 11, 2022

** Appointed w.e.f. April 30, 2022

*** Appointed w.e.f August 10, 2022

COMMITTEES OF THE BOARD

The Committees of the Board focus on certain specific areas and make informed decisions in line with the delegated authority.

The following Committees constituted by the Board to function according to their respective roles and defined scope:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Stakeholders' Relationship Committee
- Risk Management Committee
- Banking and Finance Committee
- Preferential Issue Committee

Details of composition, terms of reference and number of meetings held of Audit Committee and Nomination and Remuneration Committee are given below. Further, during the year under review, all recommendations made by the various committees have been accepted by the Board.

AUDIT COMMITTEE

The Audit Committee ('AC') of the Company had been constituted and functions in accordance with provisions of Section 177 of the Act and SEBI LODR Regulations. The Company Secretary is acting as the Secretary to the Audit Committee. All the recommendations made by the Audit Committee were accepted by the Board of Directors of the Company.

The details of composition of the Committee and the attendance record of the Directors at the AC Meetings held during the financial year ended on March 31, 2022 is as under:

Name	Designation in Committee	Category	No. of meetings held during tenure	No. of Meetings Attended
Parshotam Dass Agarwal	Chairman	Non-Executive Independent Director	5	5
Kailash Kumar Agarwal	Member	Executive Director	5	5
Mohan Lal Jain*	Member	Non-Executive Independent Director	5	5
Vikram Sumatilal Sheth**	Member	Non-Executive Independent Director	NA	NA

*Ceased w.e.f. February 11, 2022

** Appointed w.e.f. April 30, 2022

Some of the key functions and responsibilities of the AC is enumerated as below:

- Oversight of Financial reporting process and disclosure of its financial information;
- the recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- approval of payment to Statutory Auditors for any other services rendered by the statutory auditors;
- review and monitor the auditor's independence and performance, and effectiveness of audit process;
- reviewing and examination of the financial statements and the auditors' report thereon;
- approval or any subsequent modification of transactions of the Company with related parties;
- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the Company, wherever it is necessary;
- evaluation of internal financial controls and risk management systems;
- monitoring the end use of funds raised through public offers and related matters;
- reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

During the year under review, five (5) AC Meetings were held on June 09, 2021, August 03, 2021, October 29, 2021, November 10, 2021 and January 31, 2022.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee ('NRC') of the Company had been constituted and functions in accordance with provisions of Section 178 of the Act and SEBI LODR Regulations. The Company Secretary is acting as the Secretary to the Nomination and Remuneration Committee.

Some of the key functions and responsibilities of the NRC is enumerated as below:

- to formulate a criterion for determining qualifications, positive attributes and independence of a director;
- to recommend to the Board a policy relating to Remuneration for Directors, Key Managerial Personnel and Senior Management
- to prepare a description of roles and capabilities required for an independent director on the basis of evaluation of skills, knowledge and experience;
- to formulate of criteria for evaluation of performance of independent directors and the Board of Directors;
- to devise a policy on Diversity of Board of Directors;
- to identify the persons qualified to be a Director or senior management as per the criteria laid down and recommend to the Board for appointment / removal based on his/ her performance.

- re-appointment of Independent Directors on the basis of performance evaluation of Independent Directors;
- recommend to the Board, all remuneration, in whatever form, payable to the Directors and senior management;
- to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- to develop a succession plan/policy for the Board and to regularly review the plan/policy

During the year under review, three (3) NRC Meetings were held on June 09, 2021, August 03, 2021 and October 29, 2021.

The details of composition of the Committee and the attendance record of the Directors at the Nomination & Remuneration Committee Meetings held during the financial year ended on March 31, 2022 is as under:

Name	Designation in Committee	Category	No. of meetings held during tenure	No. of Meetings Attended
Parshotam Dass Agarwal	Chairman	Non-Executive Independent Director	3	3
Kailash Kumar Agarwal	Member	Executive Director	3	3
Mohan Lal Jain*	Member	Non-Executive Independent Director	3	3
Ritu Bansal	Member	Non-Executive Director	3	3
Vikram Sumatilal Sheth**	Member	Non-Executive Independent Director	NA	NA
Siddharth Agrawal***	Member	Non-Executive Independent Director	NA	NA

*Ceased w.e.f. February 11, 2022

** Appointed w.e.f April 30, 2022

*** Appointed w.e.f August 10, 2022

Company's Policy relating to Directors appointment, payment of remuneration and discharge of their duties

The Nomination & Remuneration Committee of the Company has formulated the Nomination & Remuneration Policy on Director's appointment and remuneration which includes

the criteria for determining qualifications, positive attributes, independence of a director and process of appointment and removal as well as components of remuneration of Director(s), Key Managerial Personnel ('KMP') and Senior Management of the Company and other matters as provided under Section 178(3) of the Companies Act, 2013. The Policy

may be accessed on the Company's website at the Weblink: <http://hpthreads.com/corporate-information.php>.

PERFORMANCE EVALUATION AND ITS CRITERIA

In terms of the provisions of the Section 178(2) of the Act, the Board has adopted a formal mechanism for evaluating its performance as well as that of its Committees and individual directors, including the Chairman of the Board. A structured questionnaire was prepared and circulated to the Directors for each of the evaluation.

Performance of the Board was evaluated by each Director on the parameters such as Composition of Board, Vision and Strategy, Adequate representation of Independent Directors, Board Participation, Treasury Monitoring, Review of Business Risks and Frequency of Board Meetings, Compliances etc.

Board Committees were evaluated on the parameters such as Structure and Composition of Committees, Business Risks, Financial Reporting Process, effectiveness of Committees, effectiveness of communication by the Committee with the Board, Senior Management and Key Managerial Personnel etc.

Performance of the Chairman was evaluated on the parameters such as engagement in meetings, Conducting of Meetings, Leadership Skills, guiding on strategic issues, implementation of Board approved decisions, accessibility and informal contact with Board Members etc.

Directors were also evaluated individually by all other Directors (except the Director himself) on the parameters such as engagement in meetings, Knowledge of business, communication with other Board Members, participation in meetings etc.

Meeting of Independent Directors without the attendance of Non-Independent Directors and members of the management of the Company was held on January 12, 2022. The Independent Directors, inter-alia, evaluated performance of Non-Independent Directors, the Chairman of the Company and the Board as a whole for FY 2021. They also assessed the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

Outcome of the evaluation was submitted to the Chairman of the Company. The Directors discussed and expressed their satisfaction with the entire evaluation process.

CORPORATE SOCIAL RESPONSIBILITY

During the financial year 2021-22, the provisions of Section 135 of the Act and rules made thereunder, regarding Corporate Social Responsibility('CSR') becomes applicable to the Company.

In view of this, the Board of Directors had constituted a CSR Committee as per Section 135 and schedule VII of the Companies Act, 2013 ('the Act') read with the Companies (Corporate Social Responsibility Policy) Rules 2014 and defined the terms and reference of the Committee in its Board Meeting held on August 03, 2021.

Some of the key functions and responsibilities of the CSR Committee is enumerated as below:

- To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
- To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company;
- To monitor the CSR policy of the Company from time to time.

During the year under review, one (1) CSR Committee Meeting was held on October 29, 2021.

The details of composition of the Corporate Social Responsibility Committee is as under:

Name	Designation in Committee	Category
Kailash Kumar Agarwal	Chairman	Executive Director
RaghavKumar Agarwal	Member	Executive Director
Mohan Lal Jain*	Member	Non-Executive Independent Director
Parshotam Dass Agarwal**	Member	Non-Executive Independent Director
Vikram Sumatilal Sheth***	Member	Non-Executive Independent Director

* Ceased to be a member w.e.f. February 11, 2022

** Appointed as a member w.e.f March 07, 2022 and Ceased to be a member w.e.f April 30, 2022

*** Appointed as a member w.e.f April 30, 2022

On recommendation of CSR Committee, the Board of Directors has formulated a Corporate Social Responsibility Policy ("CSR Policy") in its meeting held on October 29, 2021. The policy can be accessed on the Company's website at the Weblink: <http://hpthreads.com/corporate-information.php>.

During the year, the Company spent ₹ 5 lacs on CSR activities. The Annual Report on CSR activities is annexed herewith and marked as **Annexure - I** to this Report.

INTERNAL FINANCIAL CONTROLS

A well-established, independent, multi-disciplinary Internal Audit team operates in line with governance best practices. It reviews and reports to management and the Audit Committee about compliance with internal controls and the efficiency and effectiveness of operations as well as the key process risks.

The Company has in place adequate internal financial controls with reference to Financial Statements and such controls were operating effectively as at March 31, 2022. These controls have been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls for ensuring reliability of financial reporting, monitoring of operations. During the year, such controls were tested and no reportable weaknesses in the design or operations were observed.

WEBLINK OF ANNUAL RETURN

Pursuant to sub-section 3(a) of section 134 and sub-section (3) of section 92 of the Companies Act, 2013, read with rule 12 of the Companies (Management and Administration) Rules, 2014, as amended vide MCA notification dated August 28, 2020, a copy of the Annual Return in Form MGT-7 is available on the link <https://www.hpthreads.com/corporate-information.php>.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as **Annexure - II** forming integral part of this report.

Statement containing details of employees as required in terms of Section 197 of the Act read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is available for inspection by the Members through electronic mode. Any member interested in obtaining a copy of the same may write to the Company Secretary. The Managing Director and the Executive Director, listed in the said Annexure, are related to each other.

LOANS, GUARANTEES AND INVESTMENTS

Particulars of loans, guarantees and investments made under the provisions of Section 186 of the Act have been disclosed in Note No. 4 to the Financial Statements forming integral part of the Annual Report.

RELATED PARTY TRANSACTIONS

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were

in its ordinary course of business and on an arm's length basis and the Company has complied with all the applicable provisions of the Companies Act, 2013 and rules framed thereunder in respect of such transactions.

Further, your Company has not entered into any arrangement / transaction with related parties which could be considered material in accordance with the SEBI LODR Regulations and the provisions of the Companies Act, 2013 and accordingly, the disclosure of Related Party Transactions in Form AOC - 2 is not Applicable. However, names of Related Parties and details of transactions with them have been included in Notes to the financial statements provided in the Annual Report under Indian Accounting Standards 18.

AUDITORS AND AUDITOR'S REPORT

Statutory Auditor

M/s Walker Chandok & Co LLP, Chartered Accountants (ICAI Firm Registration Number 001076N/N500013) were appointed as the Statutory Auditors of the Company to hold office for a term of 5 years from the conclusion of the 37th Annual General Meeting (AGM) held on September 22, 2018 until the conclusion of the 42nd AGM of the Company.

As required under the provisions of Section 139(1) and 141 of the Act, read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the auditors to the effect that they are eligible to continue as Statutory Auditor of the Company.

The Auditors' Report read together with Annexure referred to in the Auditors' Report do not contain any qualification, reservation, adverse remark or disclaimers.

Cost Auditors

As per the provisions with the Rule 4(2) of the Companies (Cost Records and Audit) Rules, 2014, as amended thereto, textile companies shall get its Cost record audited in accordance with these rules if the overall annual turnover of the Company from all its products and services during the immediately preceding financial year is ₹ 100 crores or more and the aggregate turnover of the individual product or products or service or services for which cost record required to be maintained under Rule 3 is ₹ 35 crores or more.

However, in accordance with the provisions with the Rule 4(3) of the Companies (Cost Records and Audit) Rules, 2014 as amended thereto, the requirement for Cost Audit under the Rules shall not apply to a Company whose revenue from export, in foreign exchange, exceeds 75% of its total revenue or which is operating from a SEZ or which is engaged in generation of electricity for captive consumption through Captive Generating Plant.

Your company's turnover is above ₹ 100 crores during the year under review but more than 75% of the Company's turnover is earned from exports in foreign exchange by the Company. Therefore, the Company is exempt from the said requirement of cost audit.

Therefore, Company has not appointed any Cost Auditor for auditing the cost records of the Company.

Secretarial Auditor

M/s Tarun Jain & Associates, Company Secretaries, were appointed as Secretarial Auditors of the Company by the Board of Directors of the Company in its meeting held on August 03, 2021 for the financial year 2021-22.

The Secretarial Audit Report for the financial year ended March 31, 2022 received from M/s Tarun Jain & Associates, Company Secretaries, Secretarial Auditors of the Company is annexed herewith as **Annexure - III** forming integral part of this report.

The said report is self-explanatory and does not contain any qualification, reservation, adverse remark or disclaimers.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Your Company does not have any Subsidiaries, Associates and Joint Ventures during the financial year 2021-22. However, your Company has incorporated a wholly owned subsidiary Company with a name "HP MMF TEXTILES LIMITED" on June 24, 2022.

MATERIAL CHANGES AFFECTING THE COMPANY

Except as disclosed elsewhere in the Annual Report, there have been no material changes and commitments which can affect the financial position of the Company between the end of the financial year and the date of report.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required under Section 134(3)(m) of the Act, read with the Companies (Accounts) Rules, 2014 is provided as follows and forms part of this report.

A) Conservation of Energy:

i. Steps taken or impact on conservation of energy:

- Replacement of conventional lights with energy efficient lights.
- Upgradation of old machinery with new latest Machinery improving overall equipment efficiency.
- Special Measures taken to reduce load on air conditioners.
- Minimizing idle running of equipment's like air conditioners, lights, generators, compressors etc.

ii. Steps taken by the Company for utilizing alternate sources of energy:

- 100% Biomass consumption at our manufacturing facility
- Utilization of Cotton Waste and Biomass as fuel in boiler

iii. Capital investment on energy conservation equipment:

The Company has not incurred major capital investment on energy conservation equipment's but focused on optimum utilization of available resources.

B) Technology Absorption:

i. Efforts made towards technology absorption:

Upgradation of Laboratory by installing state of the art testing equipment's for raw materials and for better control of process leading to higher quality and productivity.

ii. Benefits derived like product improvement, cost reduction, product development or import substitution:

- Enhancement of Quality of Product
- Reduction in Cost
- High efficiency and less wastage
- Energy Saving

iii. Information regarding imported technology (Imported during last three years reckoned from the beginning of the financial year):

S. No.	Details of Technology Imported	Financial Year of Import	Whether Technology been fully absorbed	If not fully absorbed, areas where absorption has not taken place and the reasons thereof
1.	Hank Dyeing Machine	2020-21	Yes	-
2.	Set of Sewing Thread Winders	2020-21	Yes	-
3.	Balling with Labelling Machine	2020-21	Yes	-
4.	Reeling Machine	2020-21	Yes	-
5.	Fully Automatic Assembly Winder Machine	2020-21	Yes	-
6.	Hank Winding Machine	2020-21	Yes	-
7.	R/F Dryer	2021-22	Yes	-
8.	Automatic Yarn Mercerizing Machine	2021-22	Yes	-
9.	Hank Winding Machine	2021-22	Yes	-
10.	Semiautomatic Ball Winding Machines	2021-22	Yes	-
11.	Fully Automatic Electronic Assembly Winder	2021-22	Yes	-

iv. Expenditure incurred on Research and Development: None

C) Foreign Exchange Earning and Out-Go:

Particulars	₹ in lacs)	
	2021-22	2020-21
Foreign Exchange earned (FOB value of exports)	11,080.32	8,465.87
Foreign Exchange used (CIF value of imports and expenditure in foreign currency)	592.35	163.67

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors hereby confirm:

- that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- that they have selected such accounting policies as mentioned in the Notes to the financial statements have been applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the annual accounts have been prepared on a going concern basis;
- that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively; and

- that proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

RISK MANAGEMENT

Risk mitigation continues to be a key area of concern for the Company, which has regularly invested in insuring itself against unforeseen risks. The Company's stocks and insurable assets like building, plant & machinery, computer equipment, office equipment, furniture & fixtures, lease hold improvements and upcoming projects have been adequately insured against major risks.

Pursuant to Section 134(3)(n) of Act and SEBI LODR Regulations, the Company has constituted a Risk Management Committee. The Board of Directors of the Company has also formulated Risk Management Policy in accordance with the Act and SEBI LODR Regulations. The aim of risk management policy is to maximize opportunities in all activities and to minimize adversity. The policy includes identifying types of risks and its assessment, risk handling, monitoring and reporting, which in the opinion of the Board may threaten the existence of the Company.

The Risk Management policy may be accessed on the Company's website at the Weblink: <http://hpthreads.com/corporate-information.php>.

VIGIL MECHANISM

Your Company has adopted a Vigil Mechanism with a view to provide its employees an avenue to raise any sensitive concerns regarding any unethical behavior or wrongful conduct and to provide adequate safeguard for protection from any victimization.

In accordance with the provisions of Section 177(9) of the Act, every listed company shall establish a vigil mechanism for directors and employees to report genuine concerns of unethical behavior, actual or suspected fraud or violation of the codes of conduct.

Accordingly, the Company has framed the policy to align the same with the provisions of Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of SEBI LODR Regulations and may be accessed on the Company's website at the Weblink: <http://hpthreads.com/corporate-information.php>.

This Policy inter-alia provides a direct access to the Chairman of the Audit Committee and affirms that no Director/employee have been denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

PREVENTION OF SEXUAL HARASSMENT

The Company has adopted a policy on sexual harassment at workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH"). All the employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year under review, there was no complaints filed or registered pursuant to this Act.

The Company has complied with the provisions relating to the constitution of Internal Committee (IC) under the POSH to redress complaints received regarding sexual harassment.

CORPORATE GOVERNANCE

In terms of provision of regulation 15(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, compliance with the Corporate Governance provisions as specified under regulations 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V is not applicable to the Company as paid-up share capital of the Company is less than ₹ 10 crores and net-worth of the Company is less than ₹ 25 crores, as on the financial year ended on March 31, 2021. Hence Corporate Governance report does not form part of this Annual Report.

Further, upon declaration of annual audited financial results for the financial year ended March 31, 2022 in the Board meeting held on May 09, 2022, the Company's net worth for the financial year ended March 31, 2022 has exceeded the limit as mentioned in the Regulation 15(2) of SEBI LODR Regulations. Therefore, the Company needs to comply with the Corporate Governance provisions of SEBI LODR Regulations within six months from such date.

The Company is in process of taking all requisite steps to ensure compliance with the applicable corporate governance provisions under the SEBI LODR Regulations within the stipulated time limit.

CODE OF CONDUCT

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and Senior Management of the Company in the course of day to day business operations of the Company. The Company believes in "Zero Tolerance" against bribery, corruption and unethical dealings / behaviors of any form and the Board has laid down the directives to counter such acts.

The code lays down the standard procedure of business conduct which is expected to be followed by the Directors and Senior Management of the Company in their business dealings and in particular on matters relating to integrity in the work place, in the business practices and in dealing with stakeholders.

The code also lays down that Board Members and Senior Management of the Company shall ensure compliance with SEBI (Prohibition of Insider Trading) regulations, 2015 as also other regulations as may be applicable to them from time to time.

The Code may be accessed on the Company's website at the Weblink: <http://hpthreads.com/corporate-information.php>.

All the Boards Members and the Senior Management have confirmed compliance with the Code for the Financial Year ended March 31, 2022. The declaration to this effect signed by CEO and Managing Director is annexed herewith as **Annexure - IV** forming integral part of this report.

OTHER STATUTORY DISCLOSURES

During the year under review:

- No significant and material orders were passed by the Regulators/ Courts/ Tribunals which impact the going concern status and Company's operations in future.
- No equity shares were issued with differential rights as to dividend, voting or otherwise.

3. No Sweat Equity shares were issued.
4. The Company does not have any scheme of provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.
5. No deposits have been accepted by the Company from the public. The Company had no outstanding, unpaid or unclaimed public deposits at the beginning and end of FY 2021-22.
6. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries, as your Company doesn't have any subsidiary Company as on March 31, 2022.
7. No Change in nature of Business of Company.
8. No fraud has been reported by the Statutory Auditors and Secretarial Auditors to the Audit Committee or the Board.
9. No Corporate Insolvency Resolution Process initiated under the Insolvency and Bankruptcy Code, 2016.

The Company has complied with the applicable Secretarial Standards on Meetings of the Board of Directors and on General Meetings issued by the Institute of Company Secretaries of India.

CAUTIONARY STATEMENT

Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations.

Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

ACKNOWLEDGEMENTS

The Directors thank the Company's customers, vendors, investors and academic partners for their continuous support.

The Directors also thank the Government of India, Governments of various states in India, Governments of various countries and concerned Government departments and agencies for their co-operation.

The Directors regret the loss of life due to COVID-19 pandemic and are deeply grateful and have immense respect for every person who risked their life and safety to fight this pandemic.

The Directors appreciate and value the contribution made by all our employees and their families and the contribution made by every other member of the HP Cotton family, for making the Company what it is.

For and on behalf of the Board

Sd/-

Kailash Kumar Agarwal

Chairman and Managing Director

DIN: 00063470

Place: New Delhi

Date: August 10, 2022

Annexure - I Annual Report on CSR Activities

1. Brief Outline on CSR Policy of the Company:

Our CSR initiatives are guided by our CSR Policy ('Policy'). The Policy was adopted on October 29, 2021. Our CSR activities focus on education, health, water, livelihood, rural and urban infrastructure and are in alignment with key focus areas of the HP Group.

2. Composition of CSR Committee:

S. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Kailash Kumar Agarwal	Chairman (Executive Director)	1	1
2.	Raghavkumar Agarwal	Member (Executive Director)	1	1
3.	Mohan Lal Jain*	Member (Non-Executive Director)	1	1
4.	Parshotam Dass Agarwal**	Member (Non-Executive Director)	1	0
5.	Vikram Sumatilal Sheth***	Member (Non-Executive Director)	1	0

* Ceased to be a member w.e.f February 11, 2022

** Appointed as a Member w.e.f March 07, 2022 and Ceased to be a member w.e.f April 30, 2022

*** Appointed as a Member w.e.f April 30, 2022

3. The web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company are provided below:

<http://hpthreads.com/corporate-information.php>.

4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable:

Not Applicable for the financial year under review

5. Details of the amount available for set-off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set-off for the financial year, if any:

S. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
		Not Applicable	

6. Average net profit of the Company as per Section 135(5) of the Companies Act, 2013: ₹ 196.18 lacs

7. (a) Two percent of average net profit of the Company as per Section 135(5) of the Companies Act, 2013: ₹ 3.92 lacs

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(c) Amount required to be set-off for the financial year, if any: Nil

(d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 3.92 lacs

8. (a) CSR amount spent or unspent for the financial year:

Total Amount spent for the financial year	Amount Unspent (₹ in lacs)			
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)	
	Amount	Date of Transfer	Name of the Fund	Amount
₹ 5 lacs		Not Applicable		Not Applicable

(b) Details of CSR amount spent against ongoing projects for the financial year: Not Applicable

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

1	2	3	4	5	6	7	8		
				Location of the Project		Mode of Implementation - Through Implementing Agency			
S. No	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area (Yes or No)	State	District	Amount Spent for the project (₹ in lacs)	Mode of Implementation - Direct (Yes/No)	Name of CSR Implementing Agency	Registration Number
1.	Contribute to PM Cares Fund	Clause (viii)	No	Not Applicable		5.00	Yes	Not Applicable	

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Nil

(f) Total amount spent for the financial year (8b+8c+8d+8e): ₹ 5 lacs

(g) Excess amount for set-off, if any: Nil

9. (a) Details of Unspent CSR amount for the preceding three financial years: Not Applicable

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not Applicable

10. Details of creation or acquisition of capital asset acquired through CSR spent in the financial year:

(a) Date of creation or acquisition of the capital asset(s): Not Applicable

(b) Amount of CSR spent for creation or acquisition of capital asset: Not Applicable

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: Not Applicable

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5) of the Companies Act, 2013: Not Applicable

Sd/-
Kailash Kumar Agarwal
Chairman CSR Committee
DIN : 00063470

Place: New Delhi
Date: August 10, 2022

Sd/-
RaghavKumar Agarwal
Executive Director, CEO and CFO
DIN : 02836610

Annexure - II

Details under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

A. The ratio of the remuneration of each Director to the median remuneration of the employees and the performance of the Company for the year 2021-22:

S. No.	Name	Designation	% Increase of remuneration in FY 2022 as compared to FY 2021	Ratio of Remuneration to Median Remuneration
EXECUTIVE DIRECTORS				
1.	Kailash Kumar Agarwal	Chairman & Managing Director	38.29	162.76
2.	RaghavKumar Agarwal	Executive Director, CEO & CFO	24.89	116.80
NON-EXECUTIVE DIRECTORS				
3.	Parshotam Dass Agarwal	Independent Director	57.97	5.13
4.	Mohan Lal Jain [#]	Independent Director	^	4.38
5.	Ritu Bansal	Non-Executive Director	63.04	3.53
KEY MANAGERIAL PERSONNEL OTHER THAN EXECUTIVE DIRECTORS				
6.	Shubham Jain	Company Secretary	18.79	6.48

[^] Since the remuneration is only part for the FY2021-22, the percentage increase in remuneration is not comparable and hence, not stated

[#] Ceased w.e.f February 11, 2022

B. The percentage increase in the median remuneration of the employees during the financial year 3.16%

C. Number of permanent employees on the rolls of the Company (As on March 31, 2022) 1,668

D. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration
The average increase in the salaries of the employees other than managerial personnel in the last financial year was 3.08%. The average increase in managerial remuneration in the last financial year was 32.36%. The remuneration and perquisites provided to the employees including that of the management are on par with industry levels, performance indicators and is in line with the resolutions approved by the Board of Directors and Shareholders.

E. Affirmation that the remuneration is as per the remuneration policy of the Company
The Company affirms that the remuneration is as per the remuneration policy of the Company.

Note: Apprentices are excluded from the total No. of Permanent Employees on the rolls of the Company.

For and on behalf of the Board

Sd/-
Kailash Kumar Agarwal
Chairman and Managing Director
DIN : 00063470

Place: New Delhi
Date: August 10, 2022

Annexure - III

Form No. MR-3 Secretarial Audit Report For the Financial Year Ended March 31, 2022

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
H P COTTON TEXTILE MILLS LIMITED
15th K.M. Stone, Delhi Road,
V.P.O. Mayar, Hissar Haryana 125044 IN

We have conducted the secretarial audit of the compliances of applicable statutory provisions and the adherence to good corporate practices by **H P Cotton Textile Mills Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that has provided a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my Opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022 and found that Company was in compliance of following:

- (i) The Companies Act, 2013 (the Act) and the rules made there under, as may be applicable;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and rules framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

Applicable on the Company for the FY 2021-22

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

Not Applicable on the Company for the FY 2021-22

- (a) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and;
- (d) The Securities and Exchange Board of India (Buy-back of Securities) Regulations 2018;
- (vi) As confirmed by the management, there are no other laws specifically applicable in relation to the business of the Company.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs; and
- (ii) The Equity listing agreement entered into by the Company with BSE limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For **Tarun Jain & Associates**
Company Secretaries

Sd/-
Tarun Jain
(Prop.)

Membership No.: F4645
C.P. No.: 4317

Place: New Delhi
Date: August 10, 2022
PR: 878/2020
UDIN: -F004645D000772874

Note: This report is to be read with our letter of even date which is annexed as **Annexure-A** and forms an integral part of this report.

Annexure - A

The Members,
H P COTTON TEXTILE MILLS LIMITED
15th K.M. Stone, Delhi Road,
V.P.O. Mayar, Hissar Haryana 125044 IN

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on the random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Tarun Jain & Associates**
Company Secretaries

Place: New Delhi
Date: August 10, 2022

Sd/-
Tarun Jain
(Prop.)
Membership No.: F4645
C.P. No.: 4317
PR: 878/2020
UDIN: -F004645D000772874

Annexure - IV Declaration on Code of Conduct

It is hereby declared that all Board Members and Senior Management Personnel of the Company have affirmed compliance with the 'Code of Conduct for Board Members & Senior Management' for the year ended March 31, 2022.

Place: New Delhi
Date: August 10, 2022

Sd/-
RaghavKumar Agarwal
Whole-Time Director, CEO and CFO
DIN : 02836610

Independent Auditor's Report

To the Members of H.P. Cotton Textile Mills Limited
Report on the Audit of the Financial Statements

Opinion

- We have audited the accompanying financial statements of H.P. Cotton Textile Mills Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
- In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

- We conducted our audit in accordance with the Standards on Auditing specified under section 143(10)

of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

- Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
- We have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of Inventories</p> <p>At the balance sheet date 31 March 2022, the Company holds inventories comprising of raw materials, finished goods, work-in-progress aggregating to ₹ 3,236.25 lacs as disclosed in note 7 to the accompanying financial statements of the Company. Such inventory is carried at cost, or net realisable value whichever is lower, as per the accounting policy disclosed in note 2.2(vi).</p> <p>Determination of cost of inventory involves allocation of various production and administration overheads incurred to bring the inventory to its present location and condition, which involves management judgement and estimation.</p> <p>Amongst the other overheads, fixed production overheads are allocated to the costs of conversion based on the normal capacity of the production facilities in accordance with the principles of Ind AS -2, Inventories.</p>	<p>Our audit work included, but was not limited to, the following procedures:</p> <ul style="list-style-type: none"> Evaluated the appropriateness of the Company's accounting policy and valuation method of inventory in accordance with the applicable accounting standards. Assessed the design and implementation of controls in respect of the inventory valuation, and tested the effectiveness of key inventory controls. Discussed with management the rationale supporting assumptions and estimates used in carrying out the inventory valuation and corroborated the same to our understanding of the business. Tested the computation of various overhead absorption rates by tracing the underlying data to historical operational results of the Company.

Key audit matter	How our audit addressed the key audit matter
<p>Further, at the end of each reporting period, the management of the Company also assesses whether there is any objective evidence that net realisable value of any item of inventory is below the carrying value. If so, such inventories are written down to their net realisable value in accordance with Ind AS 2, Inventories.</p> <p>Considering the complexities and materiality of amounts involved and significant management judgements and estimates required with respect to valuation of inventory, this matter has been determined to be a key audit matter for the current year audit.</p>	<ul style="list-style-type: none"> Verified the expenses considered as cost of conversion including estimates for apportionment of the conversion on the different classes of finished goods and work-in-progress and recomputed the arithmetical accuracy thereof for calculating the conversion cost considered as part of the finished goods and work in progress. Obtained understanding of management process for identification of slow moving, non-moving or obsolete inventories and ensured that the same is consistently applied. Recomputed the net realisable value of the finished goods and reviewed the management assessment for carrying inventory at lower of cost and net realisable value. Tested ageing of inventory items obtained through system reports, as applicable. Obtained written representations from management and those charged with governance on the completeness and adequacy of inventory allowance recognised as at the year-end. Evaluated the appropriateness and adequacy of disclosures made in the financial statements in accordance with the applicable accounting standards.

Information other than the Financial Statements and Auditor's Report thereon

- The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

- The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the

provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,

as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
17. Further to our comments in Annexure I, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The financial statements dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;
 - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act;

- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2022 and the operating effectiveness of such controls, refer to our separate Report in Annexure II wherein we have expressed an unmodified opinion; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us
 - i. The Company, as detailed in note 37 to the financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2022;
 - ii. The Company as detailed in note 40 to the financial statements, has made provision as at 31 March 2022, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2022;
 - iv. a. The management has represented that, to the best of its knowledge and belief as disclosed in note 50(k) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any persons or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
 - b. The management has represented that, to the best of its knowledge and belief as disclosed in note 50(l) to the financial

- statements, no funds have been received by the Company from any persons or entities, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

- v. As stated in note 52 to the accompanying financial statements, the Board of Directors of the Company have proposed final dividend for the year ended 31 March 2022 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Rohit Arora
Partner

Place: New Delhi
Date: 9 May 2022

Membership No.: 504774
UDIN: 22504774AIQKKQ1909

Annexure - I

Referred to in paragraph 16 of the Independent Auditor's Report of even date to the members of H.P. Cotton Textile Mills Limited for the year ended 31 March 2022

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and right of use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The property, plant and equipment and right of use assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification program adopted by the Company, is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company. However, for title deeds of immovable properties in the nature of land situated at Village Mayar, Tehsil Hisar, District Hisar with gross carrying value of Rs 16.26 lacs as per 31 March 2022, which have been mortgaged as security for loans or borrowings taken by the Company, confirmations

with respect to title of the Company have been directly obtained by us from the respective lenders.

- (d) The Company has not revalued its Property, Plant and Equipment and Right of Use assets or intangible assets during the year.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed.
- (b) The Company has a working capital limit in excess of Rs 5 crores sanctioned by banks based on the security of current assets during the year. The quarterly statements, in respect of the working capital limits have been filed by the Company with such banks and such statements are in agreement with the books of account of the Company for the respective periods which were not subject to audit, except for the following:

(₹ in lacs)

Name of the Bank	Working capital limit sanctioned	Nature of current assets offered as security	Quarter	Amount disclosed as per return (A)	Amount as per books of accounts (B)	Difference (A-B)	Remarks/ reason, if any
State Bank of India	2,570.00	Inventory and Trade Receivables	Quarter 1	4,271.17	4,311.39	(40.22)	Under reporting of assets numbers in stock statement is on account of revaluation of foreign trade receivables on closing date as per requirements of Ind AS, reclassification entries and provisional valuation of WIP & Finished Goods inventory
			Quarter 2	4,275.61	4,386.75	(111.14)	
			Quarter 3	4,169.12	4,364.14	(195.02)	
			Quarter 4	4,489.78	4,924.84	(435.06)	

- (iii) The Company has not made any investment in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or any other parties during the year. Accordingly, reporting under clause 3(iii) of the Order is not applicable to the Company.
- (iv) The Company has not entered into any transaction covered under sections 185 and 186 of the Act. Accordingly, reporting under clause 3(iv) of the Order is not applicable to the Company.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there is no amount which has been considered as deemed deposit within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Act in respect of the products of the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) In our opinion, and according to the information and explanations given to us, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities by the Company, though there have been slight delays in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.
- (ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us including confirmations received from banks and representation received from management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.
- (c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.
- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have not been utilized for long term purposes.
- (e) According to the information and explanations given to us, the Company does not have any subsidiaries, associates or joint ventures. Accordingly, reporting under clause 3(ix)(e) and clause 3(ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) During the year, the Company has made preferential allotment of shares and convertible warrants. In our opinion and according to the information and explanations given to us, the Company has complied with the requirements of section 42 and section 62 of the Act and the Rules framed thereunder with respect to the same. Further, the amounts so raised have been utilized by the Company for the purposes for which these funds were raised, though idle funds which were not required for immediate utilization have been invested in readily realisable liquid investments. During the year, the Company did not make preferential allotment/private placement of fully/partly or optionally convertible debentures.

- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit.
- (b) No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.
- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as required under section 138 of the Act which is commensurate with the size and nature of its business.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3(xvi)(a), (b) and (c) of the Order are not applicable to the Company.
- (d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any Core Investment Company.
- (xvii) The Company has not incurred any cash loss in the current as well as the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios (also refer note 50 to the financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- (xx) According to the information and explanations given to us, the Company does not have any unspent amount in respect of any ongoing or other than ongoing project as at the expiry of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.
- (xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Rohit Arora
Partner

Place: New Delhi
Date: 9 May 2022

Membership No.: 504774
UDIN: 22504774AIQKQ1909

Annexure - II

Independent Auditor's Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of H.P. Cotton Textile Mills Limited ('the Company') as at and for the year ended 31 March 2022, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain

reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to

financial statements and such controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Rohit Arora

Partner

Place: New Delhi

Date: 9 May 2022

Membership No.: 504774

UDIN: 22504774AIQKKQ1909

Balance Sheet

As at 31 March 2022

(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

Particulars	Note	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non-current assets			
a) Property, plant and equipment	3	3,642.60	2,079.97
b) Capital work-in-progress	3A	171.55	103.01
c) Right-of-use assets	48	57.52	105.72
d) Other intangible assets	3	52.46	73.90
e) Financial assets			
i) Other financials assets	4	143.86	142.78
f) Non-current tax assets (net)	5	-	13.82
g) Other non-current assets	6	15.52	51.24
		4,083.51	2,570.44
Current assets			
a) Inventories	7	3,236.25	2,820.75
b) Financial assets			
i) Trade receivables	8	1,688.59	1,381.73
ii) Cash and cash equivalents	9	56.45	10.41
iii) Bank balances other than (ii) above	10	158.26	319.33
iv) Other financial assets	11	324.98	230.18
c) Other current assets	12	756.08	814.35
d) Assets held for sale	13	16.61	-
		6,237.22	5,576.75
		10,320.73	8,147.19
EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	14	386.60	381.00
b) Other equity	15	2,685.02	1,853.08
		3,071.62	2,234.08
Liabilities			
Non-current liabilities			
a) Financial liabilities			
i) Borrowings	16	873.95	254.57
ii) Lease liability	17	-	51.99
b) Deferred tax liabilities (net)	18	160.97	63.74
c) Provisions	19	280.03	274.06
		1,314.95	644.36
Current liabilities			
a) Financial liabilities			
i) Borrowings	20	2,186.20	1,633.11
ii) Lease liability	21	51.99	52.20
iii) Trade payables	22	-	-
- Total outstanding dues of micro enterprises and small enterprises		176.67	80.05
- Total outstanding dues of creditors other than micro enterprises and small enterprises		2,428.56	2,060.88
iv) Other financial liabilities	23	364.88	437.62
b) Other current liabilities	24	369.39	768.17
c) Provisions	25	250.17	192.67
d) Current tax liabilities (net)	26	106.30	44.05
		5,934.16	5,268.75
		10,320.73	8,147.19

The accompanying notes form an integral part of these financial statements

This is the balance sheet referred to in our report of even date

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm Registration Number: 001076N/N500013

For and on behalf of the Board of Directors
H.P. Cotton Textile Mills Limited

Kailash Kumar Agarwal
Chairman & Managing Director
DIN: 00063470

RaghavKumar Agarwal
Executive Director
Chief Executive Officer &
Chief Financial Officer
DIN: 02836610

Rohit Arora
Partner
Membership No.: 504774

Shubham Jain
Company Secretary
Membership No.: ACS 49541

Place: New Delhi
Date: 09 May 2022

Place: New Delhi
Date: 09 May 2022

Statement of Profit and Loss

For the year ended 31 March 2022

(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

Particulars	Note	Year ended 31 March 2022	Year ended 31 March 2021
Income			
Revenue from operations	27	13,218.74	9,657.08
Other income	28	231.08	131.61
Total Income		13,449.82	9,788.69
Expenses			
Cost of materials consumed	29	6,306.89	3,775.27
Changes in inventories of finished goods, work-in-progress and scrap	30	(832.42)	(213.51)
Employee benefits expense	31	3,126.27	2,536.53
Other expenses	32	3,283.36	2,621.82
Total expenses		11,884.10	8,720.11
Profit before finance costs, depreciation and tax		1,565.72	1,068.58
Finance costs	33	307.24	248.86
Depreciation and amortisation expenses	34	296.42	271.21
Profit before tax		962.06	548.51
Tax expense	35		
Current tax		163.80	93.04
Deferred tax		94.30	95.71
Total tax expense		258.10	188.75
Profit for the year		703.96	359.76
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of post employment benefit obligations		10.50	(21.68)
Income tax relating to above items		(2.92)	6.03
Total other comprehensive income/(expense)		7.58	(15.65)
Total comprehensive income for the year		711.54	344.11
Earnings per equity share (face value of ₹ 10/- per share)	36		
Basic earnings per share (in ₹)		18.48	9.46
Diluted earnings per share (in ₹)		18.48	9.46

The accompanying notes form an integral part of these financial statements

This is the balance sheet referred to in our report of even date

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm Registration Number: 001076N/N500013

For and on behalf of the Board of Directors
H.P. Cotton Textile Mills Limited

Kailash Kumar Agarwal
Chairman & Managing Director
DIN: 00063470

RaghavKumar Agarwal
Executive Director
Chief Executive Officer &
Chief Financial Officer
DIN: 02836610

Rohit Arora
Partner
Membership No.: 504774

Shubham Jain
Company Secretary
Membership No.: ACS 49541

Place: New Delhi
Date: 09 May 2022

Place: New Delhi
Date: 09 May 2022

Statement of Changes in Equity

For the year ended 31 March 2022

(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

A. Equity share capital

As at 31 March 2022

Balance at the beginning of the current reporting period	Changes in Equity Share capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
381.00	-	381.00	5.60	386.60

As at 31 March 2021

Balance at the beginning of the current reporting period	Changes in Equity Share capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
381.00	-	381.00	-	381.00

B. Other equity

Particulars	Reserves and surplus				Money received against share warrants	Total
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings		
Current reporting period						
Balance as at 01 April 2021	0.11	0.18	784.41	1,068.38	-	1,853.08
Changes in accounting policy/prior period errors	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	0.11	0.18	784.41	1,068.38	-	1,853.08
Profit for the year	-	-	-	703.96	-	703.96
Addition during the year	-	95.20	-	-	25.20	120.40
Remeasurement of defined benefit obligations	-	-	-	7.58	-	7.58
As at 31 March 2022	0.11	95.38	784.41	1,779.92	25.20	2,685.02
Previous reporting period						
Balance as at 01 April 2020	0.11	0.18	784.41	734.93	-	1,519.63
Changes in accounting policy/prior period errors	-	-	-	-	-	-
Restated balance at the beginning of the previous reporting period	0.11	0.18	784.41	734.93	-	1,519.63
Profit for the year	-	-	-	359.76	-	359.76
Remeasurement of defined benefit obligations	-	-	-	(26.31)	-	(26.31)
As at 31 March 2021	0.11	0.18	784.41	1,068.38	-	1,853.08

Statement of Changes in Equity (contd.)

For the year ended 31 March 2022

(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

Analysis of accumulated other comprehensive income included in retained earnings

Particulars	As at 31 March 2022	As at 31 March 2021
Balance at beginning of the year	14.25	40.56
Other comprehensive income / (expense) for the year	7.58	(26.31)
Balance as at the end of the year	21.83	14.25

The accompanying notes form an integral part of these financial statements

This is the balance sheet referred to in our report of even date

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm Registration Number: 001076N/N500013

For and on behalf of the Board of Directors

H.P. Cotton Textile Mills Limited

Kailash Kumar Agarwal

Chairman & Managing Director
DIN: 00063470

RaghavKumar Agarwal

Executive Director
Chief Executive Officer &
Chief Financial Officer
DIN: 02836610

Rohit Arora

Partner

Membership No.: 504774

Shubham Jain

Company Secretary

Membership No.: ACS 49541

Place: New Delhi

Date: 09 May 2022

Place: New Delhi

Date: 09 May 2022

Cash Flow Statement

For the year ended 31 March 2022

(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
A. Cash flows from operating activities		
Profit before tax	962.06	548.51
Adjustments for:		
Depreciation and amortisation expenses	296.42	271.21
Liabilities no longer required written back	(16.28)	(10.81)
Profit on sale of fixed assets	(32.79)	-
Unrealised gain on foreign exchange fluctuation	(35.11)	(13.49)
Bad-debts written off	19.12	-
Interest income	(18.15)	(20.21)
Rent concession on lease liability	-	(2.59)
Interest expense	307.24	248.87
Interest and expense for fair valuation of deposits	(0.84)	(0.88)
Operating profit before working capital changes	1,481.67	1,020.61
Adjustments for:		
Decrease/(increase) in other non-current asset	35.72	(28.31)
Increase in other financial assets	(0.24)	(33.63)
Increase in trade receivables	(300.45)	(760.54)
Decrease/(Increase) in other current assets	46.07	(290.60)
Increase in other financial assets	(94.81)	-
Increase in inventories	(404.97)	(683.51)
Increase in trade payables	480.01	500.15
(Decrease)/increase in other financial liabilities	(72.34)	195.58
(Decrease)/increase in other current liabilities	(398.78)	438.34
Increase in provisions	63.47	19.06
Cash generated from operating activities	835.35	377.15
Income taxes paid (net of refund received during the year)	(75.52)	(14.99)
Net cash flow generated from operating activities	759.83	362.16
B. Cash flows from investing activities		
Purchase of property, plant and equipment, including intangible assets, capital work in progress and capital advances.	(1,879.61)	(385.19)
Proceeds from/ (investment in) fixed deposits	163.40	(190.58)
Proceeds from sale of fixed assets	37.83	0.54
Interest received	15.81	11.70
Net cash flow used in investing activities	(1,662.57)	(563.53)
C. Cash flows from financing activities		
Proceeds from long-term borrowings	783.11	425.83
Repayment of long-term borrowings	(357.38)	(35.30)
Proceeds/(repayment) of short term borrowings (net)	756.88	106.79
Proceeds from issue of equity share	100.80	-
Payment of principal portion of lease liability	(52.20)	(47.67)
Payment of interest portion of lease liability	(9.90)	(14.43)
Proceeds from share warrant application money	25.20	-
Finance charges paid	(297.73)	(234.40)
Net cash flow generated from financing activities	948.78	200.82

Cash Flow Statement (contd.)

For the year ended 31 March 2022

(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)	46.04	(0.55)
E. Cash and cash equivalents as at the beginning of the year	10.41	10.96
F. Cash and cash equivalents as at the end of the year (D+E)	56.45	10.41
Components of cash and cash equivalents:		
Balances with banks-in current accounts	55.60	8.81
Cash on hand	0.85	1.60
	56.45	10.41

Reconciliation of financial liabilities arising from financing activities for the year ended 31 March 2022:

Particulars	Interest accrued on borrowings	Non-current borrowings *	Current borrowings **	Lease liability
Balance as at 01 April 2020	3.22	68.78	1,321.57	151.86
Add: Loan disbursed	-	425.83	106.79	-
Add: Interest expenses	234.44	-	-	14.43
Less: Payment of lease liability	-	-	-	(47.67)
Less: Loan repaid	-	(35.30)	-	-
Less: Interest expenses paid	(234.40)	-	-	(14.43)
Balance as at 31 March 2021	3.26	459.31	1,428.36	104.19
Add: Loan disbursed	-	783.11	756.88	-
Add: Interest expenses	297.32	-	-	9.90
Less: Payment of lease liability	-	-	-	(52.20)
Less: Loan repaid	-	(357.38)	-	-
Less: Interest expenses paid	(297.73)	-	-	(9.90)
Add/(less): Others	-	121.41	(131.54)	-
Balance as at 31 March 2022	2.86	1,006.45	2,053.70	51.99

* Includes current maturities of long-term debts.

** Inflows/outflows from current borrowings has been presented on net basis

The accompanying notes form an integral part of these financial statements

This is the balance sheet referred to in our report of even date

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm Registration Number: 001076N/N500013

For and on behalf of the Board of Directors
H.P. Cotton Textile Mills Limited
Kailash Kumar Agarwal
Chairman & Managing Director
DIN: 00063470

Raghav Kumar Agarwal
Executive Director
Chief Executive Officer &
Chief Financial Officer
DIN: 02836610

Rohit Arora
Partner
Membership No.: 504774

Shubham Jain
Company Secretary
Membership No.: ACS 49541

Place: New Delhi
Date: 09 May 2022

Place: New Delhi
Date: 09 May 2022

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2022

1. Corporate information

Nature of operations

H. P. Cotton Textile Mills Ltd. ('the Company') is a public company domiciled in India and is incorporated under the provisions of the Companies Act, 1956. It has its registered office at Delhi Road, V.P.O Mayar, Hisar. The Company is a leading manufacturer of cotton specialty yarns and cotton sewing threads catering to both local and export markets. The shares of the Company are currently listed at Bombay Stock Exchange.

2. Significant accounting policies

2.1 Statement of Compliance and Basis of preparation of financial statements

(a) General information and statement of compliance with Ind AS

These financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other pronouncements/provisions of applicable laws and guidelines issued by the Securities and Exchange Board of India (SEBI).

The financial statements have been prepared on accrual and going concern basis. The accounting policies have been consistently applied to all the periods presented in the financial statements except where newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements for the year ended 31 March 2022 were authorised and approved for issue by the Board of Directors on 09 May 2022. Revisions to financial statements, if required, is permitted by the Board of Directors subject to obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Act.

Application of new and revised Indian Accounting Standard (Ind AS)

All the Ind AS issued and notified by the Ministry of Corporate Affairs ('MCA') under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorised have been considered in preparing these financial statements.

(b) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- 1) certain financial assets and financial liabilities that are measured at fair value; and
- 2) defined benefit plans - plan assets measured at fair value.

(c) Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (not exceeding twelve months) and other criteria set out in the Schedule III to the Act.

(d) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lacs with two decimal places as per the requirement of Schedule III, unless otherwise stated.

(e) Use of estimates

The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

(f) Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures. Uncertainty about the assumptions and estimates could result in outcomes that require material adjustment to the carrying value of assets or liabilities affected in future periods.

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2022

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Critical judgments in applying accounting policies

The key judgments, made by the management, in applying the Company's accounting policies having an effect on these financial statements are as follows:

- (i) **Recognition of deferred tax-** The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.
- (ii) **Evaluation of indicators for impairment of assets-** The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.
- (iii) **Recoverability of advances/receivables –** At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.
- (iv) **Provisions and contingencies-** amount of provisions and contingencies that have been recognised in accordance with Ind AS 37 Provisions, contingent liabilities and contingent assets as the evaluation of the likelihood of the contingent events requires best judgment by management regarding the probability of exposure to potential loss.

Key source of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material

adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company has based its assumptions and estimates on parameters available at the time of preparation of financial statements. However, existing circumstances and assumptions about future developments, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

- (i) **Useful lives of property, plant and equipment-** The estimated useful lives of property, plant and equipment are based on a number of factors including the effects of obsolescence, demand, competition, internal assessment of user experience and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditure required to obtain the expected future cash flows from the assets. The Company reviews the useful life of property, plant and equipment at the end of each reporting date.
- (ii) **Recoverable amount of property, plant and equipment-** The recoverable amount of property plant and equipment is based on estimates and assumptions regarding in particular the expected market outlook and expected future cash flows. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.
- (iii) **Post-retirement benefit plan-** Employee benefit obligation (gratuity) are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.
- (iv) **Fair value measurement of financial instruments-** The fair values of financial assets and financial liabilities recorded in the balance sheet in respect of which quoted prices in

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2022

active markets are not available are measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

2.2 Summary of significant accounting policies

i. Property, plant and equipment

An item on property, plant and equipment is recognized as asset, if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any. All costs including borrowing costs related to the acquisition and installation of property, plant and equipment are capitalised.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit and loss.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

ii. Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment, if any. Intangible assets

are amortised over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, etc. The amortisation method and useful lives are reviewed periodically at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit and loss.

Useful life considered for calculation of amortisation for various intangible assets are as follows-

Asset category	Estimated useful life (in years)
Software	3-5 years

iii. Depreciation

The Company depreciates its property, plant and equipment (PPE) over the useful life on Straight line basis which coincides with the useful life prescribed in Schedule II to the Act or as specified below -

Asset category	As per management estimate	As per Schedule II
Computers	3 years	3 years
Furniture and fixtures	10 years	10 years
Building	30 years	30 years
Vehicles	8 years	8 years
Plant and machinery (on triple shift basis)*	15 years	7.5 years
Office equipment	5 years	5 years
Servers and networks	6 years	6 years

*The management has estimated useful lives based upon technical estimate and industry practice.

Leasehold improvements are depreciated over the period of lease or 3 years, whichever is less.

The residual values are not more than 5% of the original cost of the asset. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation on additions / deletions is calculated pro-rata from the month of such addition / deletion, as the case maybe.

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2022

iv. Impairment of non-financial asset

The Company tests the assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

v. Revenue recognition

The Company derives revenues primarily from sale of manufactured cotton, specialty yarns and cotton sewing threads.

Revenue from Sale of goods is recognised when the company satisfies its performance obligations and substantial risks and rewards of ownership are transferred to the buyer which generally coincides when the goods are dispatched from the factory. Amounts disclosed as revenue are net of returns and allowances, trade discounts and rebates. The Company collects Goods and Services Tax on behalf of the government and therefore, these are not economic benefits flowing to the Company. Hence, these are excluded from the revenue.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (x) Investment and other financial assets – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Financing component

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Cost to obtain a contract with customer

The Company pays sales commission to selling agents for each contract that they obtain for sales of Company's products. Such commission are in nature of incremental cost to obtain contract with customer and the Company has elected to apply the optional practical expedient for costs to obtain a contract wherein it immediately expenses off such sales commissions because the amortisation period of the asset that the Company otherwise would have used is one year or less.

Other operating revenue

Duty drawbacks and other export incentives: Duty drawbacks and other export incentives under various schemes are recognised as revenue in the year of export when no significant uncertainty exists with respect to their recovery.

Insurance and other claims: Revenue in respect of claims is recognised when no significant uncertainties exist with regard to the amount to be realised and the ultimate collection thereof.

Interest income: Income from interest is accounted for on time proportion basis taking into account the amount outstanding and the applicable rate of interest.

vi. Inventories

Inventories are valued at cost or net realisable value, whichever is lower.

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2022

The cost of raw materials and stores and spares is determined using moving weighted average formula and includes cost of purchase and other cost incurred in bringing the inventory to their present location and condition. Raw materials and stores and spares are not written down below cost if the finished product in which they will be manufactured are expected to be sold at or above cost.

Work-in-progress is valued at raw material cost plus conversion cost incurred on them depending upon the stage of completion based on weighted average formulae.

Cost of finished goods include raw material cost, conversion cost and packing cost incurred to bring the goods to their present location and condition.

Goods in transit are stated at cost. Net realisable value of the inventories is measured at estimated selling price of each item of inventory in the ordinary course of business less the estimated cost of completion and estimated costs necessary to make the sale.

vii. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

viii. Government grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the statement of profit and loss on a straight – line basis over the expected lives of related assets and presented within other income.

Government grants related to revenue are recognised on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate. Government grant receivable as compensation for expenses or losses already incurred with no future related cost are recognised in statement of profit and loss of the period in which it becomes receivable.

ix. Dividend

Final dividends on shares are recognised as a liability on the date of approval by the shareholders and interim dividends are recognised as a liability on the date of declaration by the Company's Board of Directors.

x. Investments and other financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2022

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Initial recognition

Purchases and sales of financial assets are recognised on the trade-date i.e. the date on which the Company commits to purchase or sale the financial asset.

Measurement

At initial recognition, the Company measures a financial asset at its fair value, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments and equity instruments at fair value through profit or loss (FVTPL)

Debt instruments at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/ losses. Impairment losses are presented as separate line item in the statement of profit and loss.

Debt instrument at FVTOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the

assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ losses. Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/ losses and impairment expenses are presented as separate line item in statement of profit and loss.

Debt instrument at FVTPL

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains/ losses in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gain/ losses in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2022

there has been a significant increase in credit risk. Note 37 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach required by Ind AS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

De-recognition

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if it has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Income recognition

Interest income

Interest income from FVTPL is disclosed as interest income within other income. Interest income on financial assets at amortised cost and financial assets at FVTOCI is calculated using the effective interest method. Interest income is recognised in the statement of profit and loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently

become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Dividends

Dividends are received from financial assets at FVTPL and at FVTOCI. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of the investment.

xi. Financial liabilities

Initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loan and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge as appropriate.

The Company's financial liabilities include trade payables, other payables, short-term and long-term borrowings.

Measurement

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2022

Financial liabilities designated upon initial recognition at FVTPL are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ losses are not subsequently transferred to profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not designated any financial liability as at fair value through profit and loss.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/ losses.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60-90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

xii. Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

xiii. Fair value measurement of financial instruments

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2022

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of nature, characteristics and risks of the asset and liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes:

- Disclosure regarding significant estimates and assumptions- Note 2.1
- Quantitative disclosures of fair value measurement hierarchy- Note 2.2, paragraph xiii.
- Financial instruments (including those carried at amortised cost)- Note 2.2, paragraph x.

xiv. Provisions, contingent liabilities and contingent assets

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made.

Contingent assets

Contingent assets are not recognised in the financial statements. Contingent assets are disclosed in the financial statements to the extent it is probable that economic benefits will flow to the Company from such assets.

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2022

xv. Borrowing cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

xvi. Employees benefits

(i) **Short term employee benefits:** Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) **Other long-term employee benefits obligations:** The liabilities for earned leave and sick leave that are not expected to be settled wholly within 12 months are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the discount rates for Government Securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurement as a result of experience adjustments and changes in actuarial assumptions are recognised in the statement of profit and loss.

(iii) **Post-employment benefits:** The Company operates the following post-employment schemes:

- (a) defined contribution plans- provident fund; and
- (b) defined benefit plans- gratuity

(a) Defined contribution plan Provident fund

The Company makes payment to statutory fund in accordance with the Employees Provident Fund and Miscellaneous Provisions Act, 1952 which is a defined contribution plan. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense in the statement of profit and loss as and when they are due.

(b) Defined benefit plans Gratuity

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2022

xvii. Foreign currency translations

(i) Functional and presentation currency

The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

ii) Transaction and balances

Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognised in the statement of profit and loss.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the statement of profit and loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance cost. All other foreign exchange gains/ losses are presented in the statement of profit and loss on net basis.

xviii. Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statement. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred

tax assets are recognised for all deductible temporary differences and unused tax losses, only if, it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are off set where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Minimum alternate tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

xix. Leases

On inception of a contract, the Company (as a lessee) assesses whether it contains a lease. A contract is, or contains a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2022

in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs incurred, lease payments made at or before the commencement date, any asset restoration obligation, and less any lease incentives received. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are also adjusted for any re-measurement of lease liabilities. Unless the Company is reasonably certain to obtain ownership of the leased assets or renewal of the leases at the end of the lease term, recognised right-of-use assets are depreciated to a residual value over the shorter of their estimated useful life or lease term.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease term includes periods subject to extension options which the Company is reasonably certain to exercise and excludes the effect of early termination options where the Company is not reasonably certain that it will exercise the option. Minimum lease payments include the cost of a purchase option if the Company is reasonably certain it will purchase the underlying asset after the lease term.

Lease liabilities are re-measured with a corresponding adjustment to the related right-of-use asset if the Company changes its assessment if whether it will exercise an extension or a termination option and any lease modification.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments are presented as follows in the Company's statement of cash flows:

- short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented within cash flows from operating activities;
- payments for the interest element and principal element of recognised lease liabilities are presented within cash flows from financing activities

xx. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

xxi. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown as borrowings under financial liabilities in the balance sheet.

xxii. Cash flow statement

The cash flow statement is prepared in accordance with the Indian Accounting Standard (Ind AS) - 7 "Statement of Cash flows" using the indirect method for operating activities.

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

3. Property, plant and equipment & intangible assets

Particulars	Property, plant and equipment							Intangible assets		
	Freehold land	Buildings	Leasehold improvements	Plant and Equipments	Furniture and fixtures	Office equipments	Computers	Vehicles	Total	Software
Gross carrying amount										
As at 01 April 2020	20.75	647.22	19.94	5,196.86	67.45	105.82	67.00	260.11	6,385.15	103.68
Additions	-	0.74	-	249.91	4.32	3.43	5.62	11.42	275.44	5.09
Adjustments/disposals	-	-	-	-	-	-	-	10.72	10.72	-
As at 31 March 2021	20.75	647.96	19.94	5,446.77	71.77	109.25	72.62	260.81	6,649.87	108.77
Additions	630.46	9.75	-	1,093.60	2.68	15.10	7.13	48.24	1,806.96	4.10
Adjustments/disposals	-	-	-	445.21	-	-	-	0.03	445.24	-
As at 31 March 2022	651.21	657.71	19.94	6,095.16	74.45	124.35	79.75	309.02	8,011.59	112.87
Accumulated depreciation/ amortisation										
As at 01 April 2020	-	507.97	12.02	3,528.45	51.63	62.67	44.56	176.81	4,384.11	20.29
Charge for the year	-	19.38	6.15	133.33	2.19	13.75	7.74	25.89	208.43	14.58
Adjustments/disposals	-	0.01	-	-	-	1.32	9.83	11.48	22.64	-
As at 31 March 2021	-	527.34	18.17	3,661.78	53.82	75.10	42.47	191.22	4,569.90	34.87
Charge for the year	-	11.71	0.77	162.76	2.58	15.16	7.13	22.57	222.68	25.54
Adjustments/disposals	-	-	-	423.59	-	-	-	-	423.59	-
As at 31 March 2022	-	539.05	18.94	3,400.95	56.40	90.26	49.60	213.79	4,368.99	60.41
Carrying amount (net)										
As at 31 March 2021	20.75	120.62	1.77	1,784.99	17.95	34.15	30.15	69.59	2,079.97	73.90
As at 31 March 2022	651.21	118.66	1.00	2,694.21	18.05	34.09	30.15	95.23	3,642.60	52.46

(i) Property, plant and equipment have been pledged as security for borrowings, for details refer note 16, 20 and 43.

(ii) Refer note 37 for disclosure on contractual commitments for acquisition

(iii) The title deeds of immovable properties as shown above are held in the name of the company.

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

3A Capital work-in-progress (CWIP):

Particulars	As at 31 March 2022	As at 31 March 2021
Opening gross carrying amount	103.01	-
Additions	1,222.45	384.32
Capitalisation / adjustments	1,153.91	281.31
Closing gross carrying amount	171.55	103.01

(i) Ageing schedule

As at 31 March 2022

Particulars	Amount for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in progress	171.55	-	-	-	171.55
Total	171.55	-	-	-	171.55

As at 31 March 2021

Particulars	Amount for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in progress	103.01	-	-	-	103.01
Total	103.01	-	-	-	103.01

(ii) The company does not have any project for which completion is overdue and neither has exceeded its original cost as per original plan.

4. Other non-current financial assets

Particulars	As at 31 March 2022	As at 31 March 2021
(Unsecured, considered good)		
Security deposits	143.86	142.78
	143.86	142.78

5. Non-current tax assets (net)

Particulars	As at 31 March 2022	As at 31 March 2021
Advance tax (net of provision of income tax ₹ 163.80 lacs (previous year : ₹ 93.04 lacs))	-	13.82
	-	13.82

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

6. Other non-current assets

Particulars	As at 31 March 2022	As at 31 March 2021
(Unsecured, considered good)		
Capital advances (refer note 37)	8.52	50.35
Prepaid expenses	7.00	0.89
	15.52	51.24

7. Inventories[^]

Particulars	As at 31 March 2022	As at 31 March 2021
(valued at lower of cost or net realizable value)		
Raw materials	185.96	557.25
Work-in-progress	1,969.26	1,571.17
Finished goods	651.62	239.01
Stores and spares	346.42	392.05
Scrap	82.99	61.27
	3,236.25	2,820.75

[^] Inventories have been pledged as security for borrowings, for details refer note 16, 20 and 43.

8. Trade receivables

Particulars	As at 31 March 2022	As at 31 March 2021
Considered good - secured	122.12	51.44
Considered good - unsecured	1,566.47	1,330.29
	1,688.59	1,381.73

- Trade receivables have been pledged as security for borrowings, for details refer note 16, 20 and 43.
- The Company, as per its credit policy allows credit on export sales, usually by way of Letter of credit or other banking document. Debtors reflected as on balance sheet date, are due to the gestation period between the shipment made and exchange of shipping documents. In case of domestic sales also, cash sales policy is followed and the debtors reflected, are usually due to the transit period to exchange the documents.
- Out of the total unsecured debtors reflected:
 - An amount ₹ 709.42 lacs (previous year ₹ 788.59 lacs), is reflected on account of transit time between shipment and exchange of documents;
 - An amount of ₹ 857.05 lacs (previous year ₹ 509.86 lacs), is Document Acceptance (DA) basis routed through banking channels and backed by way of acceptances for payment on due date from overseas customers through international interbank communication.

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

- Trade receivable ageing:

As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables	242.02	1,446.57	-	-	-	-	1,688.59
- Considered good							
Total	242.02	1,446.57	-	-	-	-	1,688.59

As at 31 March 2021

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables	148.62	1,204.36	-	28.75	-	-	1,381.73
- Considered good							
Total	148.62	1,204.36	-	28.75	-	-	1,381.73

9. Cash and cash equivalents

Particulars	As at 31 March 2022	As at 31 March 2021
Balances with banks-in current accounts	55.60	8.81
Cash on hand	0.85	1.60
	56.45	10.41

There are no repatriation restrictions with regard to cash and cash equivalents at the end of reporting year and prior year.

10. Other bank balances

Particulars	As at 31 March 2022	As at 31 March 2021
Margin money*	119.32	307.92
Interest accrued on fixed deposits	13.74	11.41
Share warrant application money	25.20	-
	158.26	319.33

*Margin money includes fixed deposits of ₹ 118.26 (previous year: ₹ 291 lacs) pledged by the Company against letter of credit facility being availed by the Company.

11. Other current financial assets*

Particulars	As at 31 March 2022	As at 31 March 2021
(Unsecured, considered good)		
Insurance claim receivable	43.01	43.01
Dues against acquisition of land	2.75	2.75
Export incentives receivables	270.10	173.88
Unpaid dividend	9.12	10.54
	324.98	230.18

*Government grant

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

Export incentive and duty drawback receivables

Particulars	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	226.56	177.94
Export incentive and duty drawback received during the year	303.06	215.44
Released to the statement of profit and loss (refer note 27)	401.62	264.06
Closing balance	325.12	226.56

Export incentive and duty drawback receivables comprises

Particulars	As at 31 March 2022	As at 31 March 2021
Export incentives receivables (refer note 11)	270.10	173.88
Duty drawback (refer note 12)	55.02	52.68
Total	325.12	226.56

12. Other current assets

Particulars	As at 31 March 2022	As at 31 March 2021
(Unsecured considered good unless otherwise stated)		
Balances with government authorities	649.17	724.37
Advance to suppliers	51.89	55.52
Prepaid expenses	45.36	23.00
Other advances	9.66	11.46
	756.08	814.35

13. Assets held for sale

Particulars	As at 31 March 2022	As at 31 March 2021
Plant and Equipments*	16.61	-
	16.61	-

* The assets held for sale include the proposed sale of ring spinning machines on an "as is there is basis", as the machines have reached their residual values and have not been in operation since more than 10 years, therefore and due to a boom in the used textile machinery market and the prices of metals, the company has decided to dispose off the machines, some of which are more than 30 years old, to achieve a better realisation. The sale is to be spread over two financial years, i.e., 2021-22 and 2022-23, and is expected to be completed by first half of financial year 2022-23 against a deposit of 100% advance against the readiness of goods. Currently, the company has not booked any gain expected to arise out of the proposed transactions. The Company has also received advance consideration of ₹ 29.00 lacs, as advance payment which is disclosed under "Other Current Liabilities" in note 24. The book value of machinery pertaining to these transactions has been disclosed under this head.

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

14. Equity Share Capital

Particulars	As at 31 March 2022	As at 31 March 2021
Authorised share capital		
4,250,000 (previous year: 4,250,000) equity shares of ₹ 10/- each	425.00	425.00
	425.00	425.00
Issued, subscribed and paid up share capital		
3,866,000 (previous year: 3,810,000) equity shares of ₹ 10/- each	386.60	381.00
	386.60	381.00

a) Reconciliation of equity shares outstanding at the beginning and end of the year

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	38,10,000	3,81,00,000	38,10,000	3,81,00,000
Addition/(deletion) during the year*	56,000	5,60,000	-	-
Balance at the end of the year	38,66,000	3,86,60,000	38,10,000	3,81,00,000

*Pursuant to the Board resolution passed at the meeting held on 12 January 2022, the Company has approved to issue and allot 1,12,000 share warrants each convertible into, or exchangeable for, 1 (one) fully paid-up Equity Share of the Company having face value of ₹ 10/- each on preferential basis at an issue price of ₹ 180/- per share warrant (including a premium of ₹ 170/- per share warrant) which is not less than the price determined in accordance with Chapter V of SEBI ICDR Regulations, for cash consideration, for an aggregate amount up to ₹ 202 lacs. The same was approved by the shareholders in their extra ordinary general meeting held on 07 February 2022. Subsequently, in March 2022, the promoters have paid total consideration for 50 percent of total outstanding warrants for conversion into equity shares. Accordingly, 33,600 equity shares and 22,400 equity shares were allotted to Mr. Kailash Kumar Agarwal and Mr. RaghavKumar Agarwal respectively upon conversion in March 2022.

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 (previous year : ₹ 10) per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of equity shareholders holding more than 5% shares in the Company*

Name of the Shareholder	As at 31 March 2022		As at 31 March 2021	
	Number of shares	% holding	Number of shares	% holding
Kailash Kumar Agarwal	5,43,158	14.05%	89,385	2.35%
Jainish Products Limited **	2,42,850	6.28%	2,42,850	6.37%
Kulvinder Singh	1,86,900	4.83%	2,23,500	5.87%
Achhar Investments Limited **	2,31,900	6.00%	2,31,900	6.09%
Sacred Trading and Investment Company Limited **	2,24,170	5.80%	2,24,170	5.88%
Sailesh Textile Manufacturing Company Limited **	2,07,000	5.35%	2,07,000	5.43%
Vinod Kumar Ohri	1,99,996	5.17%	1,99,996	5.25%

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

*As per the records of the Company, including its register of shareholder/members and other declarations, if any, received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

** The Company's promoters have entered into a family agreement dated 14 March 2019, which would result in inter-se transfer of equity shares of the Company by and among member of the Promoter Group over next two years (collectively, the "Proposed Family Re-arrangement"), which has partially been executed and partially would be executed in due course.

In continuance of the above family arrangement, Mr. Ravindra Agarwal, Mr. Surendra Kumar Agarwal and Mr. Kailash Kumar Agarwal have executed another re-arrangement agreement dated 12 February 2020, which would result in an inter-se transfer of all equity shares of Mr. Ravindra Agarwal & family and Mr. Surendra Kumar Agarwal & family to Mr. Kailash Kumar Agarwal.

During the current year, the proposed inter-se transfer from Mr. Surendra Kumar Agarwal and family to Mr. Kailash Kumar Agarwal and the indirect acquisition of shares of the Company held by certain entities, namely, Jainish Products Limited, Sailesh Textile Manufacturing Company Limited, Achhar Investments Limited and Sacred Trading & Investment Co. Limited has been completed in favour of Mr. Kailash Kumar Agarwal.

d) The Company has not issued any bonus shares, shares for consideration other than cash or bought back shares during five years immediately preceding the current financial year.

e) Shareholding of promoter - Shares held by promoters as at 31 March 2022

Promoter name	No. of Shares	% of total shares	% Change during the year
Achhar Investments Ltd.	2,31,900	6.00%	(0.09%)
Anuradha Agarwal	-	-	(0.50%)
Arjun das Agarwal HUF	-	-	(2.73%)
Ashok Kumar Agarwal	75,896	1.96%	(0.03%)
Atma Devi Agarwal	10,000	0.26%	-
Ghanshyam Das Agarwal	45,730	1.18%	(0.02%)
Ghanshyam Das Agarwal HUF	1,36,736	3.54%	(0.05%)
Jainarayan Agarwal HUF	85,000	2.20%	(0.03%)
Jainish Products Ltd.	2,42,850	6.28%	(0.09%)
Kailash Kumar Agarwal	5,43,158	14.05%	11.70%
Kailash Kumar Agarwal HUF	31,150	0.81%	(0.01%)
Kashmiri Lal Agarwal HUF	-	-	(3.01%)
Mridula Agarwal	7,300	0.19%	-
Premlata Agarwal	20,000	0.52%	-
Rachit Agarwal	5,600	0.14%	(0.01%)
RaghavKumar Agarwal	86,068	2.23%	0.56%
Raghubir Agarwal HUF	39,500	1.02%	(0.02%)
Raghubir Prasad Agarwal	93,750	2.42%	(0.04%)
Raj Kumar Agarwal	46,466	1.20%	(0.02%)
Raj Kumar Agarwal HUF	1,27,164	3.29%	(0.05%)
Ravindra Agarwal	1,06,066	2.74%	(0.04%)
Ravindra Agarwal HUF	30,500	0.79%	(0.01%)
Renu Agarwal	-	-	(0.19%)
Ruchi Agarwal	35,500	0.92%	(0.01%)
Sacred Trading and Investment Company Ltd.	2,24,170	5.80%	(0.08%)
Sailesh Textile Manufacturing Company Ltd.	2,07,000	5.35%	(0.08%)
Surendra Kumar Agarwal	-	-	(2.58%)
Surendra Kumar Agarwal HUF	-	-	(0.73%)
Vijay Kumar Agarwal	57,800	1.50%	(0.02%)
Vijay Kumar Agarwal HUF	-	-	(1.29%)
	24,89,304	64.39%	

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

15. Other equity

Particulars	As at 31 March 2022	As at 31 March 2021
Capital reserve	0.11	0.11
Securities premium	95.38	0.18
General reserve	784.41	784.41
Retained earnings	1,779.92	1,068.38
Money received against share warrants	25.20	-
	2,685.02	1,853.07
(i) Capital Reserve**		
Balance at the beginning of the year	0.11	0.11
Addition/(deletion) during the year	-	-
Balance at the end of the year	0.11	0.11

**Capital reserve can be utilised by the Company in accordance with the provisions of the Companies Act, 2013

(ii) Securities Premium*		
Balance at the beginning of the year	0.18	0.18
Addition/(deletion) during the year	95.20	-
Balance at the end of the year	95.38	0.18

*Securities premium is created due to premium on issue of shares. Securities premium can be utilised by the Company in accordance with the provisions of the Companies Act, 2013.

(iii) General Reserve***		
Balance at the beginning of the year	784.41	784.41
Addition/(deletion) during the year	-	-
Balance at the end of the year	784.41	784.41

*** Under the Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with Companies (Transfer of profits to Reserve) Rules, 1975. Consequent to introduction of the Act, there is no such requirement to mandatorily transfer a specified percentage of the net profit to general reserve.

(iv) Retained earnings*		
Balance at the beginning of the year	1,068.38	734.93
Add: transferred from statement of profit and loss	711.54	333.45
Balance at the end of the year	1,779.92	1,068.38

*Retained earnings of the company are kept aside out of the company's profits to meet future (known or unknown) obligations.

(v) Share warrant application money****		
Balance at the beginning of the year	-	-
Addition/(deletion) during the year	25.20	-
Balance at the end of the year	25.20	-

****During the current year the Company has allotted 1,12,000 share warrants at issue price Rs.180 (25 percent received on allotment), out of which 56,000 share warrants have been converted in March 2022 and balance 56,000 share warrants would be converted on receipt of balance consideration of 75 percent.

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

16. Non-current borrowings

Particulars	Non-current maturities		Current maturities	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Secured loans from banks				
Vehicle loan	48.53	10.48	12.66	3.54
Term loan	440.78	244.09	119.84	201.21
Capex FLC / SBLC				
State Bank of India Antwerp	232.28	-	-	-
State Bank of India Frankfurt	152.36	-	-	-
Total	873.95	254.57	132.50	204.75

(i) Details of security, terms of repayment and interest rate on the borrowings is provided below-

Particulars	Rate of Interest (%)	Terms of Repayment	Security Details	As at	As at
				31 March 2022	31 March 2021
Vehicle Loan					
State Bank of India Vehicle loan	MTLR +1.00%	38 EMIs of ₹ 23,000/- each till April 2025	Hypothecation of vehicle acquired under respective loans	7.57	9.62
HDFC Bank Vehicle Loan	9.25%	20 EMIs of ₹ 15,858/- each till November 2023	Hypothecation of vehicle acquired under respective loans	2.84	4.40
HDFC Bank Bus Loan	8.99%	57 EMIs of ₹ 1,09,800/- each till December 2026	Hypothecation of vehicle acquired under respective loans	50.78	-
Term Loan					
State Bank of India	1 year MCLR +1%	Last instalment of ₹ 1,739/- in April 2022	First and exclusive charge by way of hypothecation of plant & machinery and miscellaneous fixed assets excluding factory land and building (including the proposed machinery to be purchased out of Term loan), collateral security of equitable mortgage of factory land and building situated at Hisar and personal guarantee of Mr. Kailash Kumar Agarwal, Chairman and Managing Director and Mr. Raghav Kumar Agarwal, Executive Director, CEO & CFO (Promoter/ Directors of the Company in their personal capacity).	0.02	32.31
Guaranteed Emergency Credit Line	EBLR +0.75%	26 monthly instalments of ₹ 8,22,222/- each and last instalment of ₹ 7,25,814/- in June 2024		221.04	297.57
Common COVID Emergency Credit Line	EBLR +0.75%	2 monthly instalments of ₹ 7,22,222/- each and last instalment of ₹ 6,71,135/- in June 2022		21.15	115.42
State Bank of India(MSME Capex Loan) Capex FLC / SBLC	EBLR +2.70%	Door to Door tenor of 7 years and 6 months including a moratorium period of 6 months, the number and amount of instalments will be worked out based on total amount of loan drawn, amount drawn by way of capex FLC/ SBLC amount		318.41	-
State Bank of Frankfurt	12M EUROLIBOR + 0.80%			152.36	-
State Bank of India Antwerp	12M EUROLIBOR + 0.60%			232.28	-
Total				1,006.45	459.32

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

17. Non-current lease liability

Particulars	As at	As at
	31 March 2022	31 March 2021
Lease Liability	-	51.99
Total	-	51.99

18. Deferred tax liabilities (net)

Particulars	As at	As at
	31 March 2022	31 March 2021
Tax effect of items constituting deferred tax liabilities		
Difference between accounting base and tax base of property, plant and equipment	397.56	358.22
Total	397.56	358.22
Tax effect of items constituting deferred tax assets		
Unabsorbed losses/depreciation carried forward	-	11.52
Timing difference on account of expense allowable on payment basis	147.50	129.84
MAT credit entitlement	89.09	153.12
Total	236.59	294.48
Deferred Tax (Liabilities)/ Assets (net)	(160.97)	(63.74)

Movement in deferred tax assets/(liabilities) during the year ended 31 March 2022

Particulars	As at	Recognised in other	Recognised	As at
	31 March 2021	comprehensive income	in profit or loss	31 March 2022
Deferred tax assets				
Unabsorbed losses/ depreciation carried forward	11.52	-	(11.52)	-
Timing difference on account of expense allowable on payment basis	129.84	(2.92)	20.58	147.50
MAT credit entitlement	153.12	-	(64.03)	89.09
Deferred tax liability				
Difference between accounting base and tax base of property, plant and equipment	(358.22)	-	(39.34)	(397.56)
Total	(63.74)	(2.92)	(94.30)	(160.97)

Movement in deferred tax assets/(liabilities) during the year ended 31 March 2021

Particulars	As at	Recognised in other	Recognised	As at
	31 March 2021	comprehensive income	in profit or loss	31 March 2022
Deferred tax assets				
Unabsorbed losses/ depreciation carried forward	180.89	-	(169.37)	11.52
Timing difference on account of expense allowable on payment basis	110.76	6.03	13.05	129.84
MAT credit entitlement	60.08	-	93.04	153.12
Deferred tax liability				
Difference between accounting base and tax base of property, plant and equipment	(318.19)	-	-40.03	(358.22)
Total	33.54	6.03	(95.71)	(63.74)

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

19. Non-current provisions

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for gratuity (refer note 41)	214.08	218.00
Provision for compensated absences	65.95	56.06
	280.03	274.06

20. Current borrowings

Particulars	As at 31 March 2022	As at 31 March 2021
Secured loans		
Cash credits facilities		
State Bank of India	2,053.70	1,296.82
Capex FLC / SBLC		
State Bank of India Antwerp	-	78.48
State Bank of India Frankfurt	-	53.06
Current maturities of long term borrowings (refer note 16)	132.50	204.75
	2,186.20	1,633.11

(i) Details of security and interest rate on the borrowings is provided below-

Particulars	As at 31 March 2022	As at 31 March 2021
Cash credits facilities from banks (secured)		
State Bank of India 1 year EBLR + 2.70%	2,053.70	1,296.82
Capex FLC / SBLC		
State Bank of India Antwerp 6M EURIBOR + 0.60%	-	78.48
State Bank of India Frankfurt 6M USDLIBOR + 0.75%	-	53.06
Total	2,053.70	1,428.36

21. Current lease liability

Particulars	As at 31 March 2022	As at 31 March 2021
Lease Liability	51.99	52.20
	51.99	52.20

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

22. Trade payables

Particulars	As at 31 March 2022	As at 31 March 2021
Trade payables:		
Total outstanding dues of micro enterprises and small enterprises (refer note below)	176.67	80.05
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,428.56	2,060.88
	2,605.23	2,140.93

- i. Information, as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 for the year ended 31 March 2022 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

Particulars	As at 31 March 2022	As at 31 March 2021
(a) The principal amount remaining unpaid to any supplier at the end of the year;	151.05	56.15
(b) Interest due remaining unpaid to any supplier at the end of the year;	25.62	23.90
(c) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year;	-	-
(d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006;	-	-
(e) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	25.62	23.90
(f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006	25.62	23.90

- ii. Trade payables includes letter of credit (LC) of ₹ 386.95 lacs (previous year ₹ 361.17 lacs) against which there is personal guarantee of Mr. Kailash Kumar Agarwal and Mr. RaghavKumar Agarwal, under overall secured cash credit facilities extended to the company by State Bank of India.

- iii. Trade payable ageing:

As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed dues - MSME	100.26	59.29	10.65	6.47	-	176.67
(ii) Undisputed dues - Others	439.88	1,962.93	11.24	6.64	7.87	2,428.56
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	540.14	2,022.22	21.89	13.11	7.87	2,605.23

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

As at 31 March 2021

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed dues - MSME	25.96	39.62	6.47	8.00	-	80.05
(ii) Undisputed dues - Others	691.97	1,349.04	11.50	6.13	2.24	2,060.88
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	717.93	1,388.66	17.97	14.13	2.24	2,140.93

23. Other current financial liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Unclaimed dividend*	9.12	10.54
Interest accrued but not due on borrowings	2.86	3.26
Employee related payables	282.02	351.92
Other payables	70.88	71.90
	364.88	437.62

* The same is not due for deposit to Investor Education and Protection Fund. Further the company has deposited ₹ 1.42 lacs (previous year ₹ 1.2 lacs) to the fund during the year.

24. Other current liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Statutory dues payable	102.93	74.32
Trade deposits	79.93	79.93
Advance from customers	186.53	613.92
	369.39	768.17

25. Current provisions

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for bonus	170.51	124.50
Provision for gratuity (refer note 41)	51.44	46.20
Provision for compensated absences	28.22	21.97
	250.17	192.67

26. Current tax liabilities (net)

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for income tax (net of advance tax ₹ 50.00 lacs (previous year : ₹ 50.00 lacs))	106.30	44.05
	106.30	44.05

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

27. Revenue from operations

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Sale of products		
Yarn and threads	12,371.28	9,094.63
Less: rebate and discounts	(19.35)	(11.80)
	12,351.93	9,082.83
Other operating revenue		
Process waste sale	450.62	294.97
Other scrap sales	14.57	15.22
Duty Drawback and other export incentives (refer note 11)	401.62	264.06
	866.81	574.25
Revenue from operations	13,218.74	9,657.08

28. Other income

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Interest income on fixed deposits carried at amortised cost	11.10	9.36
Interest on fair valuation of security deposits carried at amortised cost	0.84	0.88
Interest income - others carried at amortised cost	7.05	10.85
Foreign exchange fluctuation gain (net)	160.69	91.20
Liabilities no longer payable written back	16.28	10.81
Profit on sale of property, plant and equipment	32.79	1.30
Miscellaneous income	2.33	7.21
	231.08	131.61

29. Cost of material consumed

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Raw material:		
Cotton	4,896.30	2,808.03
Colour and chemicals	894.03	595.59
Packing materials	516.56	371.65
	6,306.89	3,775.27

30. Changes in inventories of finished goods, work-in-progress and scrap

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Inventories at the end of the year		
Finished goods	651.62	239.01
Work-in-progress	1,969.26	1,571.17
Scrap	82.99	61.27
	2,703.87	1,871.45
Inventories at the beginning of the year		
Finished goods	239.01	514.04
Work-in-progress	1,571.17	1,103.03
Scrap	61.27	40.87
	1,871.45	1,657.94
Increase in inventories	(832.42)	(213.51)

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

31. Employee benefits expense

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Salaries and wages	2,723.95	2,249.40
Contributions to provident and other funds	271.65	198.63
Gratuity expense (refer note 41)	63.14	60.12
Workmen and staff welfare expenses	67.53	28.38
	3,126.27	2,536.53

32. Other expenses

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Consumption of stores and spare	295.63	251.21
Power and fuel	1,332.58	1,120.33
Freight and forwarding	511.36	349.58
Water and water recycling	146.53	139.97
Rent including lease rentals	66.01	61.97
Travelling and conveyance	75.67	45.54
Security expenses	103.61	100.02
Commission	82.49	65.55
Vehicle running and maintenance	63.26	42.64
Business promotion and advertisement	31.18	18.75
Electricity and water expenses	51.84	36.68
Repairs and maintenance - buildings	24.14	15.82
Repairs and maintenance - machinery	11.59	12.18
Repairs and maintenance - others	23.34	18.60
Legal and professional	244.75	190.24
Insurance	44.91	47.66
Rates and taxes	13.15	4.87
Communication	23.18	18.16
Printing and stationery	2.38	1.74
Bad debts written off	19.12	7.36
Payment to statutory auditors - Audit fee	28.25	28.68
Payment to statutory auditors - Reimbursement of expenses	1.89	0.83
Corporate social responsibility expenses (refer note 47)	5.00	-
Miscellaneous expenses	81.50	43.44
	3,283.36	2,621.82

33. Finance costs

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Interest expense - borrowings	227.98	165.67
Interest on lease liability	9.90	14.43
Interest expenses - others	21.04	19.36
Other borrowing costs	48.32	49.40
	307.24	248.86

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

34. Depreciation and amortisation expenses

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation on property, plant and equipment	222.68	208.43
Amortisation of intangible assets	25.54	14.58
Depreciation on right-of-use assets	48.20	48.20
	296.42	271.21

35. Income tax

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
(a) Income tax expense		
- Current tax	163.80	93.04
- Minimum alternate tax credit	-	(93.04)
- Deferred tax	94.30	188.75
Income tax expense	258.10	188.75
(b) Reconciliation of tax expense and the accounting profit		
Profit before income tax expense	962.06	548.51
Statutory income tax rate	27.82%	27.82%
Amount of tax at statutory income tax rate	267.64	152.59
Adjustments:		
Tax impact of non-deductible expense	5.15	4.92
Effect of different tax rate on certain items	-	13.49
Other differences	(14.69)	17.75
Total	(9.54)	36.16
Amount of tax at statutory income tax rate post adjustments	258.10	188.75

36. Earnings per share

Particulars	As at 31 March 2022	As at 31 March 2021
Profit for the year	703.96	359.76
Nominal value per share (in ₹)	10	10
Weighted average number of equity shares for basic earnings per share	38,13,253	38,10,000
Weighted average number of equity shares for diluted earnings per share	38,13,253	38,10,000
Earnings per share (in ₹)		
Basic earnings per share	18.48	9.46
Diluted earnings per share	18.48	9.46

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

37. Contingent liabilities and commitments

Particulars	As at 31 March 2022	As at 31 March 2021
i) Contingent liabilities		
Other money for which the company is contingently liable*	77.87	77.87
	77.87	77.87
ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2.72	159.17
	2.72	159.17

* The Entry tax was imposed by the Government of Haryana but was struck down by the Hon'ble High Court of Punjab and Haryana. The Government of Haryana has gone into appeal before the Hon'ble Supreme Court of India against the judgement of Hon'ble High Court of Punjab and Haryana and the same is currently pending disposal. The management is confident that the matter shall be decided in its favour and accordingly, no adjustment is considered necessary in these financial statements.

38. Related party disclosures

In accordance with the requirements of Ind AS - 24 'Related Party Disclosures', the names of the related party where control/ability to exercise significant influence exists, along with the aggregate amount of transactions and year end balances with them as identified and certified by the management are given below:

(a) List of related parties and nature of relationship where control exists

Key managerial personnel	Relationship
Mr. Kailash Kumar Agarwal	Chairman and Managing Director
Mr. RaghavKumar Agarwal	Executive Director, Chief Executive Officer and Chief Financial Officer
CS Shubham Jain	Company Secretary
Non-executive Directors	
Mr. Parshotam Dass Agarwal	Independent Director
Mr. Mohan Lal Jain (Up till 11 Feb 2022)	Independent Director
Ms. Ritu Bansal	Director
Mr. Vikram SumatiLal Sheth (joined w.e.f 30 April 2022)	Independent Director
Relatives of key managerial personnel	
Mr. Raj Kumar Agarwal	Relative of Mr. Kailash Kumar Agarwal
Mr. Ashok Kumar Agarwal	Relative of Mr. Kailash Kumar Agarwal
Mr. Ravindra Agarwal	Relative of Mr. Kailash Kumar Agarwal
Mr. Surender Agarwal	Relative of Mr. Kailash Kumar Agarwal
Persons/entities in which directors and key managerial personnel are interested	
Sanjay Mercantile Pvt.Ltd.	
Achhar Investments Ltd.	
Jainish Products Ltd.	
Sacred Trading & Investment Co. Ltd.	
Sailesh Textile Mfg Co Ltd	

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

b) The following transactions were carried out with related parties in the ordinary course of business:-

Nature of transaction & name of related party	31 March 2022	31 March 2021
Board sitting fees		
Mr. Parshotam Dass Agarwal	5.45	3.45
Mr. Mohan Lal Jain (Up till 11 Feb 2022)	4.65	3.45
Ms. Ritu Bansal	3.75	2.30
Salary/remuneration*		
Mr. Kailash Kumar Agarwal	172.96	125.07
Mr. RaghavKumar Agarwal	124.11	99.38
CS Shubham Jain	6.88	5.79
* Break-up of key managerial personnel remuneration		
Short-term employee benefits	303.95	230.24
Post-employment benefits	-	-
Long-term employee benefits#	-	-
Termination benefits	-	-
#As the liability for gratuity and leave encashment are provided on actuarial basis for the Company, as a whole, amounts accrued pertaining to key management personnel are not included above.		
Professional fees to relatives of key managerial personnel		
Mr. Raj Kumar Agarwal	19.20	19.20
Mr. Ashok Kumar Agarwal	19.20	19.20
Mr. Ravindra Agarwal	19.20	19.20
Mr. Surender Agarwal	14.40	19.20
Professional fees to non-executive directors		
Ms. Ritu Bansal	2.10	-
Details of lease rentals:		
Sanjay Mercantile Pvt. Ltd.	1.50	1.50
Mr. Kailash Kumar Agarwal	0.60	0.75
Interest on unsecured loan		
Mr. Kailash Kumar Agarwal	1.59	-
Mr. RaghavKumar Agarwal	1.06	-
Purchase of land		
Mr. Kailash Kumar Agarwal	588.75	-
Loan taken during the year		
Mr. Kailash Kumar Agarwal	60.00	-
Mr. RaghavKumar Agarwal	40.00	-

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

Nature of transaction & name of related party	31 March 2022	31 March 2021
Loan repaid during the year		
Mr. Kailash Kumar Agarwal	60.00	-
Mr. RaghavKumar Agarwal	40.00	-
Equity share capital (including security premium) received during the year		
Mr. Kailash Kumar Agarwal	60.48	-
Mr. RaghavKumar Agarwal	40.32	-
Share warrants subscribed during the year		
Mr. Kailash Kumar Agarwal	15.12	-
Mr. RaghavKumar Agarwal	10.08	-
Reimbursement to related party		
Mr. Kailash Kumar Agarwal	3.34	-
CS Shubham Jain	0.28	-
Mr. Raj Kumar Agarwal	4.97	-
Reimbursement from related party		
Mr. Kailash Kumar Agarwal	0.44	-
c) Balances outstanding with related parties at the year end		
Salary/remuneration payable		
Mr. Kailash Kumar Agarwal	0.25	0.84
Mr. RaghavKumar Agarwal	6.47	1.34
Professional fees payable		
Mr. Raj Kumar Agarwal	1.44	1.48
Mr. Ashok Kumar Agarwal	1.44	1.48
Mr. Ravindra Agarwal	1.44	1.29
Mr. Surender Agarwal	-	1.83
Lease rentals payable		
Sanjay Mercantile Pvt. Ltd.	8.15	6.65
Mr. Kailash Kumar Agarwal	-	0.82
Interest payable		
Mr. RaghavKumar Agarwal	0.95	-
Board sitting fees payable		
Mr. Parshotam Dass Agarwal	0.59	-
Ms. Ritu Bansal	0.59	-

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

Outstanding personal guarantee by Mr. Kailash Kumar Agarwal and Mr. RaghavKumar Agarwal (previous year: Mr. Kailash Kumar Agarwal and Mr. Raghav Kumar Agarwal) against various credit facilities availed by the Company and the balance of such facilities as at 31 March 2022 being ₹ 3385.91 lacs (previous year: ₹ 2234.82 lacs), sanctioned limit of such credit facilities: ₹ 3,832.20 lacs (previous year: ₹ 2,535.29 lacs).

d) The Company has not granted any loans or advances to any of its promoter, director, key managerial personal or any other related party.

39. Fair value measurements

(i) Financial instruments by category

Particulars	As at 31 March 2022				As at 31 March 2021			
	FVTPL	FVTOCI	Amortised cost	Total	FVTPL	FVTOCI	Amortised cost	Total
Financial assets								
Trade receivables	-	-	1,688.59	1,688.59	-	-	1,381.73	1,381.73
Cash and cash equivalents	-	-	56.45	56.45	-	-	10.41	10.41
Other bank balances	-	-	158.26	158.26	-	-	319.33	319.33
Other financial assets	-	-	468.84	468.84	-	-	372.96	372.96
Total financial assets	-	-	2,372.14	2,372.14	-	-	2,084.43	2,084.43
Financial liabilities								
Borrowings	-	-	3,060.15	3,060.15	-	-	1,887.68	1,887.68
Lease liability	-	-	51.99	51.99	-	-	104.19	104.19
Trade payables	-	-	2,605.23	2,605.23	-	-	2,140.93	2,140.93
Other financial liabilities	-	-	364.88	364.88	-	-	437.62	437.62
Total financial liabilities	-	-	6,082.25	6,082.25	-	-	4,570.42	4,570.42

(ii) Fair value hierarchy

Particulars	As at 31 March 2022				As at 31 March 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Trade receivables	-	-	1,688.59	1,688.59	-	-	1,381.73	1,381.73
Cash and cash equivalents	-	-	56.45	56.45	-	-	10.41	10.41
Other bank balances	-	-	158.26	158.26	-	-	319.33	319.33
Other financial assets	-	-	468.84	468.84	-	-	372.96	372.96
Total financial assets	-	-	2,372.14	2,372.14	-	-	2,084.43	2,084.43
Financial liabilities								
Borrowings	-	-	3,060.15	3,060.15	-	-	1,887.68	1,887.68
Lease liability	-	-	51.99	51.99	-	-	104.19	104.19
Trade payables	-	-	2,605.23	2,605.23	-	-	2,140.93	2,140.93
Other financial liabilities	-	-	364.88	364.88	-	-	437.62	437.62
Total financial liabilities	-	-	6,082.25	6,082.25	-	-	4,570.42	4,570.42

Notes

to financial statements for the year ended 31 March 2022

(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates;

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the year, there were no transfers between level 1 and level 2, and no transfers into and out of level 3 fair value measurements.

The Company's policy is to recognise transfers into and transfer out of fair value hierarchy levels as at the end of reporting period.

(iii) Specific valuation techniques used to value financial instruments include the use of quoted market prices and NAV of the instrument.

(iv) Fair value of financial assets and liabilities measured at amortised cost.

Particulars	31 March 2022		31 March 2021	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial assets				
Other financial assets				
Security deposits	143.86	143.86	142.78	142.78

The carrying amount of trade receivables, other financial assets, trade payables, other financial liabilities, borrowings and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

The fair values for security deposits were calculated based on cash flows discounted using the current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.

40. Financial instruments

A. Capital risk management

The Company's objective when managing capital are to

- safeguard their ability to continue as a going concern, so they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital, in order to maintain capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in the economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Notes

to financial statements for the year ended 31 March 2022

(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

The Company monitors capital on the basis of net debts to total equity on a periodic basis. The following table summarizes the capital of the Company:

Particulars	As at	As at
	31 March 2022	31 March 2021
Long term borrowings (including current maturities)	1,006.45	459.32
Short term borrowings	2,053.70	1,428.36
Total debt	3,060.15	1,887.68
Less: Cash and cash equivalent	56.45	10.41
Net debt	3,003.70	1,877.27
Equity share capital	386.60	381.00
Other equity	2,685.02	1,853.08
Total equity	3,071.62	2,234.08
Net debt to equity ratio	0.98	0.84

B. Financial risk management

Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings, lease liability, trade payables, employee related payables and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include cash and cash equivalents, other bank balances, trade receivables, security deposits and export incentives receivable that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The management is responsible for formulating an appropriate financial risk governance framework for the Company and for periodically reviewing the same. The senior management ensures that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

(I) Market risk :

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

The Company manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommend risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures like foreign exchange forward contracts, borrowing strategies and ensuring compliance with market risk limits and policies.

(i) Interest rate risk

(a) Liabilities

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at 31 March 2022, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates.

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

Particulars	As at 31 March 2022		As at 31 March 2021	
	Foreign Currency	Amount (foreign currency)	Foreign Currency	Amount (foreign currency)
Variable rate borrowings		3,006.53		1,883.28
Fixed rate borrowings*		53.62		4.40
Amount disclosed under borrowings		3,060.15		1,887.68

*For fixed rate borrowing, the management has assessed that their fair value is almost equivalent to their carrying amounts, largely due to the rate of interest of these instruments, which is approximately equal to market rate of interest for the Company and being entire loan taken from third party.

Sensitivity

Below is the sensitivity of profit or loss and equity changes in interest rates.

Particulars	As at 31 March 2022		As at 31 March 2021	
	Foreign Currency	Amount (foreign currency)	Foreign Currency	Amount (foreign currency)
Interest sensitivity*				
Interest rates – increase by 5 percent		11.40		8.28
Interest rates – decrease by 5 percent		(11.40)		(8.28)

* Holding all other variables constant

(b) Assets

The Company's fixed deposits are carried at fixed rate. Therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(ii) Foreign currency risk

The Company operates internationally and portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales in overseas markets in various foreign currencies and through foreign currency loans. Foreign currency exchange rate exposure is balanced by hedging through forward contracts.

Derivative instruments

Derivative contracts outstanding

Particulars	As at 31 March 2022			As at 31 March 2021		
	Foreign Currency	Amount (foreign currency)	Amount (INR)	Foreign Currency	Amount (foreign currency)	Amount (INR)
Forward contract to sell	USD	0.220 million	166.92	USD	-	-

Derivative financial instruments such as foreign exchange forward contracts are used for hedging purposes and not as trading or speculative instruments.

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

Particulars of unhedged foreign currency risk exposure expressed in INR at the reporting date

Particulars	As at 31 March 2022			As at 31 March 2021		
	Foreign Currency	Amount (foreign currency)	Amount (INR)	Foreign Currency	Amount (foreign currency)	Amount (INR)
Financial assets						
Trade receivables	USD	1.580 million	1,045.83	USD	1.140 million	833.95
	EURO	0.550 million	464.45	EURO	0.570 million	497.84
Financial liabilities						
Trade payables	USD	0.042 million	32.01	USD	0.037 million	27.06
	EURO	0.029 million	25.20	EURO	0.018 million	15.52
	GBP	-	-	GBP	0.003 million	3.40
Financial liabilities						
Borrowings	USD	-	-	USD	0.072 million	53.06
	EURO	0.460 million	384.64	EURO	0.091 million	78.48

Sensitivity analysis

The sensitivity of profit or loss to changes in exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	As at	
	31 March 2022	31 March 2021
USD sensitivity		
₹/USD- increase by 1% (previous year:- 1%)*	7.32	6.28
₹/USD- decrease by 1% (previous year:- 1%)*	(7.32)	(6.28)
EURO sensitivity		
₹/EURO- increase by 1% (previous year:- 1%)*	0.39	3.36
₹/EURO- decrease by 1% (previous year:- 1%)*	(0.39)	(3.36)
GBP sensitivity		
₹/GBP- increase by 1% (previous year:- 1%)*	-	(0.03)
₹/GBP- decrease by 1% (previous year:- 1%)*	-	0.03

* Holding all other variables constant

(II) Credit Risk:

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

- Actual or expected significant adverse changes in business,
- Actual or expected significant changes in the operating results of the counterparty,
- Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
- Significant increase in credit risk on other financial instruments of the same counterparty,
- Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised as income in the statement of profit and loss. The Company measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is not material hence no additional provision considered.

The Company's maximum exposure to the credit risk at the reporting date is primarily from trade receivables which are typically unsecured. The credit limit of each customer is defined in accordance with the assessment. Outstanding customer receivables are regularly monitored by the management.

Detail of trade receivables that are past due is given below:

Particulars	As at 31 March 2022	As at 31 March 2021
Not due	242.02	148.62
0-90 days past due	1,446.57	1,204.36
More than 180 days past due	-	28.75
Total	1,688.59	1,381.73

The credit risk for cash and cash equivalents, bank deposits and loans is considered negligible, since the counterparties are reputable organisations with high quality external credit ratings.

Concentration of financial assets

Concentration of credit risk with respect to trade receivables are limited, due to the Company's consumer base being large and diverse. All trade receivable are reviewed and assessed for default on a quarterly basis.

The Company's exposure to credit risk for trade receivables is presented below:

Particulars	As at 31 March 2022	As at 31 March 2021
Export wholesale customers	1,677.20	1,331.79
Domestic wholesale customers	11.39	49.94
Total	1,688.59	1,381.73

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

As at 31 March 2022

Particulars	Less than 1 year	1-5 year	Total
Borrowings	2,204.41	888.04	3,092.46
Trade payables and other accruals	2,970.10	-	2,970.10
Lease liability	56.93	-	56.93

As at 31 March 2021

Particulars	Less than 1 year	1-5 year	Total
Borrowings	1,658.91	275.22	1,934.13
Trade payables and other accruals	2,578.57	-	2,578.57
Lease liability	62.10	56.93	119.03

Undrawn borrowing facilities

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31 March 2022	As at 31 March 2021
Cash credit and other facilities	446.30	300.47

41. Employee benefits

Employee benefit obligations	31 March 2022			31 March 2021		
	Current	Non-current	Total	Current	Non-current	Total
Gratuity	51.44	214.08	265.52	46.20	218.00	264.20
Compensated absences	28.22	65.95	94.17	21.97	56.06	78.03
Total employee benefit obligations	79.66	280.03	359.69	68.17	274.06	342.23

Contribution to provident fund

The Company makes contribution to statutory provident fund and employee's state insurance. These are post-employment benefits and are in nature of defined contribution plans. Contribution made by the Company during the year is ₹ 264.87 lacs (previous year: ₹ 193.56 lacs).

Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a unfunded plan.

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

(a) Disclosure of gratuity

The amount recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Balance as at beginning of the year	264.20	238.84
Current service cost	45.17	43.88
Interest cost	17.97	16.24
Reasmesurement- Acturial (gains)/losses	(22.24)	21.68
Benefits paid	(39.58)	(56.44)
Balance as at end of the year	265.52	264.20

The amount recognised in the Statement of Profit and Loss under employee benefit expense are as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Current service cost	45.17	43.88
Interest cost	17.97	16.24
Total amount recognised in statement of profit and loss	63.14	60.12

The amount recognised in the Other Comprehensive Income are as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Remeasurements of defined benefit liability		
Acturial (gains) from change in financial assumptions	(5.31)	-
Acturial (gains)/ losses arising from change in experience adjustments	(16.93)	21.68
Total amount recognised in other comprehensive income	(22.24)	21.68

(b) Assumptions:

1. Economic assumptions

The principal assumptions are the discount rate and salary growth rate. The discount rate is based upon the market yields available on Government bonds at the accounting date relevant to currency of benefit payments for a term that matches the liabilities. Salary growth rate is Company's long term best estimate as to salary increases and takes into account inflation, seniority, promotion, business plan, HR policy and other relevant factors on long term basis as provided in relevant accounting standard.

Particulars	As at 31 March 2022	As at 31 March 2021
Discount rate	7.18%	6.80%
Salary growth rate	3.00%	3.00%
Average remaining working life (years)	20.79	19.09

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

2. Demographic assumptions

Attrition rates are the Company's best estimate of employee turnover in future determined considering factors such as nature of business and industry, retention policy, demand and supply in employment market, standing of the Company, business plan, HR Policy as provided in the relevant accounting standard. Attrition rates used for valuation are given below:

Particulars	As at 31 March 2022	As at 31 March 2021
Retirement age	58	58
Withdrawal rate, based on age		
Upto 30 years	20.00%	20.00%
From 31 to 44 years	10.00%	10.00%
Above 44 years	5.00%	5.00%
Mortality rate	100% of IALM (2012-14)	100% of IALM (2012-14)

(c) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at 31 March 2022	As at 31 March 2021
i) Impact of the change in discount rate		
Present value of obligation at the end of the period	265.52	264.20
Impact due to increase of 0.50%	(6.95)	(7.32)
Impact due to decrease of 0.50%	7.35	7.75
ii) Impact of the change in salary increase		
Impact due to increase of 0.50%	7.62	8.00
Impact due to decrease of 0.50%	(7.26)	(7.62)

Sensitivities due to mortality and withdrawals are not material and hence impact of change due to these are not calculated. Sensitivities as rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable.

(d) The expected expense of the Company during the next year is ₹ 72.27 lacs (previous year: ₹ 67.46 lacs).

(e) The maturity analysis of the defined benefit obligation is as below:

Particulars	As at 31 March 2022	As at 31 March 2021
Within next 1 year	51.44	46.20
Between 1 to 5 years	82.34	78.59
After 5 years	131.74	139.41
Total expected payments	265.52	264.20

(f) The average duration of the defined benefit plan obligation at the end of the reporting period is 7.81 years (previous year: 7.87 years).

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

42. Operating segments

The business activity of the Company fall within the single primary business segment viz Textile (spinning). Hence there is no other reportable business segment as per Ind AS 108 "Operating segments". The segment assets, segment liabilities, segment cash flows and segment results are represented through financial statements only. The Company's Board of Directors uses additional analysis based on sales location which is presented below-

Particulars	As at 31 March 2022	As at 31 March 2021
Revenue from operations		
India	1,132.85	526.40
Japan	1,340.12	1,232.32
USA	1,514.63	1,587.27
Denmark	1,415.56	938.43
Netherlands	1,412.51	774.15
Others	5,536.26	4,024.26
	12,351.93	9,082.83
Revenue from major customers		
Revenue from customers (three) who contribute 10% or more to the Company's revenue	4,142.53	2,933.77
Revenue from others	8,209.40	6,149.06
	12,351.93	9,082.83
Non - current assets		
Within India	4,080.43	2,544.30
Outside India	3.08	12.32
	4,083.51	2,556.62

43. Assets pledged as security

The carrying amounts of asset pledged as security for current and non-current borrowings are:

Particulars	As at 31 March 2022	As at 31 March 2021
Current		
Financial assets		
i) Trade receivables	1,688.59	1,381.73
ii) Cash and cash equivalent	56.45	10.41
iii) Bank balances other than (ii) above	158.26	319.33
iv) Other financial assets	324.98	230.19
Non-financial assets		
i) Inventories	3,236.25	2,820.75
ii) Other current assets	756.08	814.35
Total current assets pledged as security	6,220.62	5,576.75
Non-current		
Non-financial assets		
i) Property, plant and equipment	3,007.65	2,075.49
Total non-current assets pledged as security	3,007.65	2,075.49
Total assets pledged as security	9,228.27	7,652.24

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

44. Foreign Exchange earning and expenditure

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
FOB value of exports	11,080.32	8,465.87
	11,080.32	8,465.87
CIF value of imports:		
Components, stores & spare parts	25.78	2.88
Capital goods	566.57	160.79
Total	592.35	163.67

45. Expenditure in foreign currency

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Travelling and conveyance	15.24	0.61
Commission	69.10	58.07
Foreign bank charges	21.61	15.74
Total	105.94	74.42

46. Company's foreign currency exposure:

Particulars	31 March 2022		31 March 2021	
	In foreign currency	In INR	In foreign currency	In INR
Unhedged				
Trade payables				
USD	0.042 million	32.01	0.037 million	27.06
EURO	0.029 million	25.20	0.018 million	15.52
GBP	-	-	0.003 million	3.40
Trade receivables				
USD	1.580 million	1,045.83	1.140 million	833.95
EURO	0.550 million	464.45	0.570 million	497.84
Borrowings				
USD	-	-	0.072 million	53.06
EURO	0.460 million	384.64	0.091 million	78.48
Hedged				
Trade receivables				
USD	0.220 million	166.92	-	-

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

47. Corporate social responsibility

As per section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief, COVID-19 relief and rural development projects. A CSR committee has been formed by the company as per the Act.

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Amount required to be spent by the company during the year	3.92	-
Amount of expenditure incurred	5.00	-
Shortfall at the end of the year	-	-
Total of previous years shortfall	-	-
Reason for shortfall	-	-
Nature of CSR activities	Contribution to PM CARES fund	-
Details of related party transaction	-	-
Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year	-	-

48. Leases

i) Lease liabilities are presented in the balance sheet as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Current	51.99	52.20
Non-current	-	51.99
Total	51.99	104.19

The maturity analysis of lease liabilities are disclosed in note 40.

ii) The recognised right-of-use assets relate to corporate office as at 31 March 2022

Particulars	As at 31 March 2022	As at 31 March 2021
Right-of-use assets- corporate office		
Balance as at beginning of the year	105.72	153.92
Less: Amortisation expense charged on the right-of-use assets	48.20	48.20
Balance as at end of the year	57.52	105.72

iii) The following are amounts recognised in statement of profit and loss:

Particulars	As at 31 March 2022	As at 31 March 2021
Amortisation expense of right-of-use assets	48.20	48.20
Interest expense on lease liabilities	9.90	14.43
Rent expense	66.01	61.97
Total	124.11	124.60

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

iv) Lease payments not recognised as a liability

Particulars	As at 31 March 2022	As at 31 March 2021
Expenses relating to short term leases (included in other expenses)	66.01	61.97
Total	66.01	61.97

v) Total cash outflow for leases for the year ended 31 March 2022 was ₹ 62.10 lacs (previous year: ₹ 62.10 lacs)

vi) The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on balance sheet:

Right-of-use asset	No of right-of-use assets leased	Range of remaining term (in years)	Average remaining lease term (in years)
Corporate office	1	1	1

The company has a right to extend/terminate its leasing arrangements beyond the initial agreement/lock in period. For the assessment of lease term as per Ind AS 116, the management of the Company has considered the extension options and not considered the early termination options wherever available for its property leases in its lease period assessment since the Company is likely to be benefited from a longer lease tenure.

49. Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115: Revenue from Contracts with Customers, establishes a framework for determining whether, how much and when revenue is recognised and requires disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. Under Ind AS 115, revenue is recognised through a 5-step approach:

- Identify the contract with customer;
- Identify separate performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations; and
- Recognise revenue when a performance obligation is satisfied.

(i) Disaggregation of revenue

The Company has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography.

Revenue from operations	Year ended 31 March 2022	Year ended 31 March 2021
Revenue by geography		
Domestic	1,132.85	526.40
Export	11,219.08	8,556.43
Total	12,351.93	9,082.83

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

(ii) Revenue recognised in relation to contract liabilities

Ind AS 115 also requires disclosure of 'revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period' and 'revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods. Same has been disclosed as below:

Description	Year ended 31 March 2022	Year ended 31 March 2021
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	601.80	240.00
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-	-

(iii) Assets and liabilities related to contracts with customers

Description	Year ended 31 March 2022	Year ended 31 March 2021
Contract liabilities related to sale of goods		
Advance from customers	186.53	613.92
Total	186.53	613.92

(iv) Reconciliation of revenue recognised in statement of profit and loss with contract price

Description	Year ended 31 March 2022	Year ended 31 March 2021
Contract price	12,371.28	9,094.63
Less: Discount, rebates	19.35	11.80
Revenue from operations (excluding other operating revenue) as per statement of profit and loss	12,351.93	9,082.83

(v) Significant changes in contract assets and liabilities

Description	Year ended 31 March 2022	Year ended 31 March 2021
Opening balance	613.92	258.43
Add: Addition during the year	174.42	595.50
Less: Revenue recognised during the year from opening liability	601.80	240.00
Closing balance	186.53	613.92

50. Additional regulatory information not disclosed elsewhere in the financial statements:

- The Company is not a holding company neither a subsidiary of any other company, hence the provision for compliance with sub section 87 of section 2 of the Companies Act, 2013 are not applicable to the Company.
- The Company has not delayed in creation or satisfaction of charges with ROC beyond the statutory period.
- The Company is not dealing in crypto currency or virtual currency.
- During the current year and previous year, the Company has not entered in any transaction with any struck off company and does not have investment in securities, receivable or payable from struck off companies. Further, share(s) of the Company are not held by any struck off company.

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

- The Company is not holding any benami property.
- The Company is regular in disclosing income on timely basis and there is no undisclosed income assessed by tax officials.
- During the current and previous year, the Company is regular in complying with all the laws and regulations of Foreign Exchange Management Act, 1999, Companies Act, 2013 and Prevention of Money Laundering Act, 2002 as applicable.
- The Company is not a wilful defaulter. During the current and previous year, the Company had repayed all its dues on timely basis and has not defaulted any payment.
- The Company has utilised borrowed money for the same purpose for which is was actually sanctioned and has not diverted any fund from purpose as per sanctioned terms.
- The quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of accounts except for the following:

Name of Bank	Working capital limit sanctioned	Quarter	Nature of current assets offered as security	Amount disclosed as per return (in lacs) (A)	Amount as per books of accounts (in lacs) (B)	Difference (in lacs) (A-B)	Remarks/ reason, if any
State Bank of India	2,570.00	Quarter 1 Quarter 2 Quarter 3 Quarter 4	Inventory and Trade Receivables	4,271.17 4,275.61 4,169.12 4,489.78	4,311.39 4,386.75 4,364.14 4,924.84	(40.22) (111.14) (195.02) (435.06)	Under reporting of assets numbers in stock statement is on account of revaluation of foreign trade receivables on closing date as per requirements of Ind AS, reclassification entries and provisional valuation of WIP & Finished Goods inventory

- The Company has not advanced, loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or
 - provide any guarantee, security or the like to or on behalf of the Company
- The Company has not received any funds from any person(s) or entity(ies), including foreign entities with the understanding (whether recorded in writing or otherwise) that the Company shall
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or
 - provide any guarantee, security or the like to or on behalf of the Company

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

m. Ratio Analysis

Ratio	Current Period	Previous Period	% Variance	Reason for variance (if more than 25%)
Liquidity Ratio				
Current Ratio (times) (Current assets/Current liabilities)	1.05	1.06	(0.70%)	-
Solvency Ratio				
Debt-Equity Ratio (times) (Total debt (long term + short term)/ Shareholders equity)	1.00	0.84	17.91%	-
Debt Service Coverage Ratio (times) (PAT+Non Cash operating Exp+Interest+other non-cash adjustment)/Interest+lease payment+principal repayment)	5.38	2.68	100.58%	Due to increase in profitability
Profitability ratio				
Net Profit Ratio (%) (PAT/Revenue from operations)	5.33%	3.73%	42.95%	Due to increase in profitability
Return on Equity Ratio (%) (PAT - preference dividend)/Average shareholders equity)	26.54%	17.40%	52.49%	Due to increase in profitability
Return on Capital employed (%) (Earning before interest & taxes/Tangible networth+total debt+deferred tax liabilities)	20.34%	19.39%	4.88%	-
Return on Investment (%) (Profit before tax + finance cost) *(1-tax rate)/Total assets)	8.88%	7.06%	25.66%	Due to increase in profitability

Ratio	Current Period	Previous Period	% Variance	Reason for variance (if more than 25%)
Utilization Ratio				
Trade Receivables turnover ratio (times) (Revenue from operations/Average accounts receivable)	8.61	9.71	(11.31%)	-
Inventory turnover ratio (times) (Cost of goods sold/Average inventory)	1.81	1.44	25.81%	Due to increase in profitability
Trade payables turnover ratio (times) (Net credit purchases/Average trade payables)	2.31	1.88	22.47%	-
Net capital turnover ratio (times) (Revenue from operations/Closing working capital)*	43.62	31.35	39.11%	Due to increase in profitability

*The Company has used closing working capital in place of average working capital since the close working capital was negative as at 31 March 2020.

Notes

to financial statements for the year ended 31 March 2022
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

- Subsequent to the year end, the Company's application under the Production Linked Incentive (PLI) Scheme for Textiles (PLI-Textiles) has been selected by the Ministry of Textiles, Government of India vide letter dated 29th April 2022. As per the applicable guidelines, the Company shall incorporate a new Company which will be the participant under the aforesaid scheme for which approval has been given by the Board of Directors of the Company.
- The Board of Directors at their meeting considered and recommended a final dividend aggregating to Rs 38.66 lacs i.e. ₹ 1 (10%) per equity share of face value of ₹ 10 each for the financial year 2021-22, final dividend is subject to approval of shareholders in the ensuing Annual General Meeting.
- The Schedule III to the Companies Act, 2013 has been amended in respect of certain regrouping / disclosures vide notification dated 24 March 2021 which are applicable w.e.f. 1st April 2021. The figures have been presented in the above financial statements after considering the said amendments. The figures of the corresponding previous year have been regrouped wherever considered necessary to correspond to current year disclosures.

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm Registration Number: 001076N/N500013

For and on behalf of the Board of Directors
H.P. Cotton Textile Mills Limited

Kailash Kumar Agarwal
Chairman & Managing Director
DIN: 00063470

RaghavKumar Agarwal
Executive Director
Chief Executive Officer &
Chief Financial Officer
DIN: 02836610

Rohit Arora
Partner
Membership No.: 504774

Shubham Jain
Company Secretary
Membership No.: ACS 49541

Place: New Delhi
Date: 09 May 2022

Place: New Delhi
Date: 09 May 2022



CORPORATE OFFICE

F-0, The Mira Corporate Suites,
1 & 2, Old Ishwar Nagar, Mathura Road,
New Delhi - 110065, India

www.hpthreads.com